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Chinese Business Immigrants: Anthropological Study of Entrepreneurship and Culture Change

by

Kim Sue Mah 

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Master of Arts

Department of Anthropology

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#1302, 11007-83 Avenue
Edmonton, Alberta T6G 0T9 CANADA

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University of Alberta

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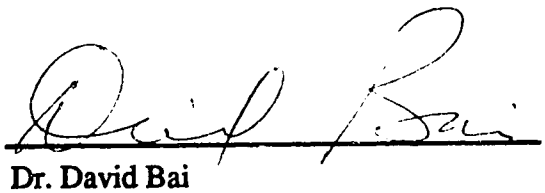
The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled *Chinese Business Immigrants: Anthropological Study of Entrepreneurship and Culture Change* submitted by Kim Sue Mah in partial fulfillment of the requirements for the degree of Master of Arts.



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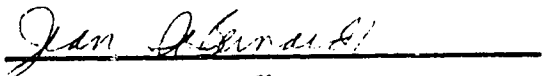

Dr. Jean DeBernardi

Dr. Lloyd Steier

June 28, 1995

For Aimee, Dean, Jeff, Kristen, and Megan

— The promise for a vibrant Canada

Abstract

This thesis represents an effort to understand the process of cultural and economic renewal in industrialized countries. My hypothesis is that business immigration in industrialized countries, such as Canada, has social and economic significance for the renewal of capitalism and national identity, issues at the centre of nation–building. Issues of culture change and immigration are often discussed in terms of an immigrant's ability to adapt to a host society. However, this thesis will also focus on the adjustments that host populations, such as Canadian businesses and Canadian citizens, will need to make.

Therefore, the theme of this project is that business immigration represents a possible avenue for economic and cultural change in Canada I will employ Joseph A. Schumpeter's (1961 [1934]) model of entrepreneurship and economic change in order to conduct a study of the role of Chinese business immigrants in the process of economic development in Canada. This study is intended to be a preliminary effort to explore the potential of Schumpeter's model for understanding the implications of business immigration in Canada.

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This project would never have been possible without the generous support of many people. I would like to express my deepest appreciation to Dr. David Bai, without whose encouragement, guidance, and wisdom this project would never have been. Our discussions were an invaluable source of inspiration. I would also like to thank Dr. Jean DeBernardi for her support and extensive assistance throughout my studies in anthropology, and Dr. Lloyd Steier for his enthusiasm and kindness in sharing with me his valuable research experience in this area. I owe a great debt to all those business people who took time out of their busy schedules to meet with me; they have provided me with valuable insight into the area of business immigration. Their participation in this project is greatly appreciated. I would also like to acknowledge gratefully my family, particularly Mom, Dad, and Iris Johanson for their support and encouragement throughout the years. And a thanks to Carol Forster, a generous friend, who like no one else can say, "I know how you feel." And, of course, my warmest appreciation and thanks to my husband, Shawn Johanson who since the start has nurtured me with his love, understanding, and ideas. Although many have contributed to this project, I alone accept responsibility for any errors of fact, interpretation, and method.

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ONE

Introduction

ISSUES OF CANADIAN COMPETITIVENESS

As the twentieth century draws to a close, the world bears witness to rapidly changing economic and social conditions. The world is becoming increasingly interdependent. The boundaries of the market place seem limitless, and national borders are blurred by the transcontinental and cross–cultural operations of multinational corporations. Technological advances, particularly in travel and communication, further enhance this interdependence by facilitating the rise of multinational corporations, and making way for mass migration among countries. These developments are significant because they have meaning for the way in which countries maintain their autonomy and economic viability. They have serious implications for the way in which countries maintain their national standards of living, their national identity, and their national independence. Furthermore, they challenge traditional concepts of the independent nation–state. This thesis will attempt to deal with these issues within the Canadian context.

Global interaction has resulted in enormous economic gain for some countries, and especially for a number of multinational corporations which have profited by transferring their production facilities to low–wage nations. However, interdependence has also brought the intense competitive pressures of the global market to bear upon all nations, challenging conceptions about the current economic order. In the last decade we have seen the Pacific Rim countries rise to a position of major economic status, the striking loss of global economic leadership by the United States, and generally a decline in productivity by all Western powers (Heilbroner 1992: 3). These changes have raised concerns about the competitive advantages which Western industrialized nations have traditionally possessed. These economic pressures have led many scholars[1] to examine critically the direction of capitalism; their conclusions suggest that we need to re–examine the traditional assumptions of this economic organizing principle.

During the 1980s and early 1990s, corporate organizations directed their energies towards creating large–scale efficiencies. This decade was characterized by the drive for economic expansion by increasing efficiency and productivity. This was deemed to be achieved through corporate mergers, and partnerships between privately owned large–scale corporations and state agencies in an attempt to develop large–scale administrative and production units. Many organizations also focused on increasing competitiveness by increasing the use of automation and by lowering labour costs, particularly by exporting labour–intensive production to low–wage nations. These efforts were based on the assumption that productivity, through the reduction of labour costs or the substitution of less–skilled and cheaper labor for more highly skilled labour (Rosenbrock 1985: 641) was equal to profitability. In other words, the corporate assumption was that efforts to

[1] See Crispo (1992); Drucker (1993); and Heilbroner (1992).

increase labour productivity and profit margins should focus on decreasing the need for expensive, highly skilled labour. However, as Howard Rosenbrock (1985) suggests, labour productivity does not always result in a profitability in a larger social sense when unemployment is a chronic problem.

According to Rosenbrock (1985) the underlying assumption regarding the advantages of increased unemployment is related to the belief that benefits can be achieved by reducing demands made on human ability. He suggests that classical economists see increases in unemployment as the creation of new opportunity whereby human resources are set free and made available for other social pursuits (Rosenbrock 1985: 643). Additionally, this process is deemed to be regulated by economic mechanisms which automatically ensure that this opportunity is fully employed (Rosenbrock 1985: 641). But as Rosenbrock continues,

> The experience of the last 50 years does little to establish confidence in this self–regulatory mechanism....What is striking is that very great effort is expended upon the creation of the opportunity that unemployment or under–employment represents, and, in comparison, almost none upon using that opportunity (Rosenbrock 1985: 641).

Therefore, the reduction of the use of labour by corporate enterprises resulting in increased unemployment has not necessarily had beneficial results as predicted by classical economists. The results of the corporate effort to reduce labour needs has either eliminated jobs without adequate re-employment of such resources or have caused the fragmentation of jobs in which initiative and skill are often removed from the worker. Therefore, unemployment and the lack of renewal of human capital, which results from the development of large-scale production efficiencies, have become critical issues. Large corporations may have increased production efficiency, but new opportunities to

re–employ valuable human resources have not been found. Rosenbrock illustrates these concerns in the following manner,

> Because of the differences between...interpretations of productivity, the efforts of an enterprise can fail to bring benefits to society, and may instead bring disadvantages. They can result in one part of the population working long hours under high pressure at uninteresting jobs, while another part is unemployed. An improved competitive situation of the enterprise may also fail to be reflected in an equivalent improvement of national competitiveness. If it is achieved by an increase in unemployment, it throws a burden upon the nation which largely cancels the benefit (Rosenbrock 1985: 643).

Rosenbrock suggests that the key to solving this problem is to make the activities and initiatives of enterprise more directly aligned with the aims of society, such that meaningful opportunities are created (Rosenbrock 1985: 644). For example, if any real benefits are to accrue from efficiencies gained by increases in the use of computer and telecommunication developments, beyond reducing labour costs for private industry, then new opportunities must be created which must be accompanied by a meaningful change in our "whole manner of our life" (Rosenbrock 1985: 638). We can not merely continue to intensify our existing tendencies; a qualitative change in attitude must accompany these developments. For instance, we can not continue to use technology with the intent to merely reduce labour costs. A change in our "whole manner of life" will require an alternative view of human resources and an effort which should be "devoted to making full use of human abilities" (Rosenbrock 1985: 645).

Large-scale industries may have developed faster and cheaper production methods by using automation and the like, but there is still a need to convert these production efficiencies into new opportunities for the use of human resources which will be competitive in the international market place. Thus one of the critical issues facing many industrial nations is how to translate these production efficiencies into the creation of new

opportunities, which will lead to the meaningful use of human capital. These economic concerns have led John Crispo to write, "Canadians have to understand that their country has been suffering not only from a cyclical problem called a recession but also from a deeper structural problem arising from its lack of competitiveness" (1992: 5). In Canada, economic advantages can no longer be gained through merely intensifying existing activities, such as exporting natural resources, relying on tariff barriers, or increasing production efficiency. Given the waning competitive advantages of such activities, there seems to be a growing need to fundamentally restructure economic systems which are dependent on large-scale industries, but what will this restructuring entail and how will it be achieved?

Recent research[2] suggests that entrepreneurship, and the growth of small businesses, are means by which to create new opportunities and to rejuvenate the economy. In describing this trend, Blaschke et al. write,

> The new mushrooming of small businesses in western European countries is closely associated with a new form of economic development, described as the coming of "postindustrial society" or the "microelectronic revolution." Unemployed people are looking for new economic opportunities, and highly qualified people now consider self-employment more attractive than employment in high-tech firms (Blaschke et al 1990: 80).

Similarly, Peter Drucker (1993: 8) describes this trend as a period of post-capitalism. He suggests that this period will be characterized by a change in basic economic resources which will no longer exclusively include capital, labour, or natural resources; but rather innovation based on the application of knowledge.

Additionally, entrepreneurship is seen as a means by which to rejuvenate the economy. For example, Goffee and Scase write,

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[2]Also see Dana (1992); Goffee and Scase (1987).

> ...policies now promote ideals of entrepreneurship as cures for a variety of problems ranging from persisting high unemployment and low economic growth, to the destruction of 'traditional' values surrounding work, family and personal relationships (Goffee and Scase 1987: 2).

Similarly, Robert H. Brockhaus, Sr. writes,

> In their efforts to restructure and reduce the public sector, many governments are turning to the private sector to generate increasing employment and to provide many of the services previously provided by the government. The private sector is recognized as the main engine of growth. The capacity of modern, large–scale industry to employ the growing number of labor force entrants is restricted, however, because of limited size and capital–intensive production methods. Thus, the private small enterprise sector is seen as both as having the greatest potential for creating a substantial employment at lower levels of investment and as providing a seedbed for entrepreneurial talent and a testing place for new industries (Brockhaus 1991: 83).

According to these researchers, the hope for economic renewal stems from economic restructuring involving a greater emphasis on entrepreneurial activities. Merely focusing on capital–intensive production methods no longer seems to be a reliable means for sustaining economic growth.

BUSINESS IMMIGRATION WITHIN THE CANADIAN CONTEXT

Thus, developing an entrepreneurial supply will be critical for national economies in the years to come. Creating such a national entrepreneurial supply can essentially be achieved in two ways. The first is to cultivate a national supply through existing institutions such as education. However, this process may be very time consuming. Additionally, there is still some concern regarding the proper approach to entrepreneurial

education.[3] However, an alternative approach can be found in immigration. For instance, the Canadian government has recognized that a more expedient and efficient way of responding to the changing world economy is to import ready–made entrepreneurial knowledge. As early as the 1970s, Canada initially recognized the need for attracting experienced, innovative, and entrepreneurially-inclined business people; and by 1986, they formally acknowledged this need by implementing the Business Immigration Program to encourage the migration of the entrepreneurs, investors, and self–employed persons.[4]

In the larger economic context of the global economy,[5] the phenomenon of business immigration is particularly significant to Canadians because it is part of a larger process of global economic change which many industrial countries are currently facing. Wong and Netting write, "With economic restructuring, the Canadian economy is experiencing a growth of small business and employment, and the entrepreneurial and self–employed business immigrants are part of that process" (Wong and Netting 1992: 110). Although, Wong and Netting specifically write in reference to the more recent population of business immigrants, the activities of the more established business immigrants (those who settled prior to the implementation of the Business Immigrant

[3]See Katz (1991); Robinson and Haynes (1991); Robinson and Long (1992); Ray (1990); and Solomon and Fernald, Jr. (1991).

[4]However, even before the formal implementation of this program, business immigrants were already arriving in Canada; that is, in its most general sense, the term business immigrant can refer to those immigrants who have decided to operate business enterprises in Canada, prior to the implementation of the Business Immigrant Program. Details of both of these generations of business immigrants, post and pre–1986, will be discussed later on in this project.

[5]With the exception of Bonacich and Cheng's (1984) work, previous research has not placed the activities of immigrants, or specifically ethnic entrepreneurs, within the larger political and economic context of the capitalist world economy.

Program in 1986) must not be discounted in this trend because many of these individuals are also connected to the larger global market system.[6]

Therefore, while business immigrant activities are, in part, the result of a worldwide economic restructuring process, their activities also have the potential to facilitate this restructuring in Canada. In this way, they can be seen as both a product and an agent of the ever–expanding and increasingly competitive capitalist system. Their ties to two cultural and economic systems, in a period when international connections in business are critical, are extremely advantageous in providing new ideas and new opportunities for economic growth. Thus, it is anticipated that entrepreneurs and, particularly immigrant entrepreneurs, will be able to generate new ideas and technologies, and help to identify new markets for Canadian businesses.

Business immigration in Canada is also significant because it is a part of larger social changes taking place. For instance, business immigrants represent a different wave of immigration, especially in terms of their economic power. As Wong and Netting note, "these individuals, sought for their wealth and human capital, came to Canada with economic power" (Wong and Netting 1992: 93). In light of the changing economic conditions of today's market structure, industrialized nations no longer need inexpensive unskilled labour from abroad; rather, they have turned their attention to skilled and energetic entrepreneurs. Many of these individuals are economically mobile, have global ties, and extensive international experience. They are particularly sought out for their wealth, economic power, and human capital, but these are the traits which seem to threaten the host population of many immigrant–receiving countries. Brian Milner in *The Hidden Establishment* illustrates this sentiment by rhetorically asking his readers:

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[6]Further discussion of the activities of the pre–1986 business immigrants will be discussed in Chapter Five.

> What, if anything, separates them from earlier waves of immigrants, the kind with whom we're so much more familiar and comfortable—the ones who knew their place in the Canadian pecking order, working their way from the ground up, instead of coming in at the top, already owning the ground? (Milner 1991: xiv–xv)

Similarly, in commenting on Canada's Business Immigration Program, Wong and Netting note,

> Canada invited capital but also received human beings. If these newcomers had been from the working class and vulnerable, the host society would have been prepared to slot them into low–status positions (Tomic and Trumper, 1991). Here we argue that precisely because Asian business immigrants had capital, they initially evoked surprise and then often anger because they contradicted Canadian expectations (Wong and Netting 1992: 111).

Thus, business immigration today faces difficulties because of the perception that many immigrants do not seem to fit into the predetermined "pecking order". Thus, issues of inequality and unfairness become critical issues. These perceptions, ironically, prevent some Canadians from recognizing that, in fact, many business immigrants are Canadian citizens. But because many are visible minorities, they are often not recognized as being Canadians working and contributing to the Canadian economy and social life.[7]

Thus, while business immigration represents a great economic hope for Canada, it is also accompanied by many social issues which must be addressed. These issues have raised serious concerns with regard to the economics of business immigration because these issues lie at the heart of what it means to be Canadian. For example, immigration today seems to challenge traditional assumptions about the ethnic and cultural

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[7] An example of this misconception occurred when I was starting to contact business people for interviews. I reached one of the interviewees through personal contacts from an educational institution where I had been employed. The interviewee was the computer supplier for this institution and was recommended by one of my supervisors as a good candidate for my project, as I was interested in immigrant entrepreneurs. Many of the people at this institution where I worked were certain that he had recently arrived in Canada, especially since he still had strong ties to Hong Kong and other areas of Southeast Asia. Yet ironically, when I reached this person for an interview I found out that he had been in Canada for more than 20 years.

homogeneity criteria for a united nation-state; it has raised concerns about the simultaneous creation of a national identity and the maintenance of ethnic identity; and these, in turn, raise concerns for how Canada is to make itself a strong, competitive, and economically viable country. In this way, business immigrants challenge traditional assumptions and paradigms concerning immigration and ethnicity in industrialized countries. They no longer seem to be merely "fitting in". In fact, they are active participants in Canadian economic, political, and social life, and as such, their activities may have the potential for culture change.

Business immigrants in Canada have the potential to represent a remarkable force for economic and social renewal. Their experiences from abroad can help Canadians to tap into foreign market; they can help facilitate cross-cultural communication gaps; and they can help to bring new ideas to Canada. However, if long-term success is to be derived from business immigrant activities, Canadians will need to create the appropriate environment for such activities. Such an environment will need to address racial tensions and concerns about immigration. Economic well–being will need to be balanced with social responsibility. Dealing with these issues will help facilitate the acceptance of the condition of human diversity, which becomes more of a reality in the ever–expanding global economy. Thus, business immigrants cannot be seen merely as a quick fix to economic problems; their presence also has social consequences in Canada. Therefore, as Soo Kim argues, "The goal of any immigration policy should not be solely simplistic short–term economic or political gains. Rather, they should be long–term and based on both Canada's social and economic needs" (Kim 1995: 10). The Canadian government must engage in long–term planning which includes a consideration of both economic and social issues concerning the business immigration.

Reaffirming fundamental concepts of cultural diversity and multiculturalism can help to create a more accepting environment of the diversity of human activity, and the diversity of economic and social activities possibly introduced by entrepreneurs. Creating such an environment will also involve a reconsideration of ideas of the nation–state, based on cultural homogeneity. It will require dealing with issues of equality, opportunity, and freedom, the essentials of a democracy, which lay at the heart of the process of building a strong, viable, culturally diverse, and competitive country. The recognition and discussion of these issues are part of the larger process of cultural renewal and nation-building of which business immigration is a part.

RESEARCH BACKGROUND

The Canadian government has placed a great deal of economic promise on business immigration. This view was reiterated recently by Immigration Minister Sergio Marchi in November 1994, when he stated that the Liberal government would further increase economic immigration into the country.[8] Given this promise, Canadians have

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[8]Consider the following passage taken from a *Globe and Mail* article on November 2, 1994 by Edward Greenspon, the day following the announcement of proposed changes to Canada's immigration policy, by Sergio Marchi, the Liberal government's Minister of Citizenship and Immigration.

> Future immigration will be made "more affordable and sustainable," Mr. Marchi said in tabling his guidelines in the House of Commons.
>
> Clearly, one of the messages that Canadians told us [during eight months of consultations] was that they wanted an improvement on the overall economics of immigration," he said. "And that's why we're doing the things we're doing." (Greenspon 1994: A5)

Thus, we are informed that the Canadian government's immigration initiatives will specifically focus on the economic function of immigration. With this intent, the government has decided to direct its attention towards attracting skilled workers and business class immigrants, "newcomers who possess the language, education and skills to make an immediate economic contribution" (Greenspon 1994: A5). Furthermore,

assumed that the primary responsibility of business immigrants is to provide economic benefit. The benefits and disadvantages of immigration are often debated in economic terms, but it is my suggestion that the significance of business immigration extends beyond increasing gross national product, gross domestic product, or the population base. Immigration policy, and immigrants themselves, play an important role in the sociocultural development of a country. For instance, their presence has implications for managing multiculturalism and inter-group relations in Canada.[9] Therefore, without examining business immigration in a sociocultural context, we cannot fully appreciate their contributions to the development of the country.

Therefore, this thesis will examine the socio-economic aspects of business immigration, with the goal of understanding its implications for social and economic development, which lie at the heart of the process of culture change. For this reason, this thesis is not intended to be an economic evaluation of Canada's business immigration program, but it is rather an attempt to determine the cultural, social, and economic

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the government has decided to make changes to selection criteria in the coming years in order to enhance further the economic contribution of these immigrants.

These changes can be seen as a refinement and perhaps reiteration of the economic purpose of immigration in Canada in light of recent concerns over the role of immigration in Canada fueled by tough economic times and growing anti-immigration sentiment. It seems that some of these changes are also the result of the fact that the benefits of attracting venture capital and business skills have fallen short, the suggestion that some immigrants are not meeting government expectations, and recent publications which describe some of the business scams targeted at these business immigrants. Such problems have raised serious social issues with regards to immigration.

[9]It is generally expected that immigrants adapt culturally, socially, and economically to a host society; but in a broader sense, this cultural adaptation is part of a process of recommitment to the host society. Immigrant commitment and participation in various Canadian educational, political, and other social institutions, and the fact that they are able to renew values such as hard work and a focus on the family, all help to reaffirm the Canadian identity. Simultaneously, immigrants also add to the existing structure. For instance, as entrepreneurs, their innovative business activities may represent a break with existing business practices in Canada; this may help to sustain capitalist activities in a struggling economy. Additionally, their international connections may provide Canadians with access to new markets and opportunities abroad; this could ultimately have implications for changing the face of business relations in Canada.

significance of business immigration in Canada by employing anthropological paradigms concerned with viewing social reality within a holistic and integrative framework. My goal is not to write a definitive work or ethnography of the Chinese business community in Edmonton; but, instead it is (1) to generate empirical evidence of their current activities; and (2) to identify some possible implications of their activities in Canada.

Because the phenomena of business immigrants is relatively new, the existing literature and research methodologies have not yet addressed the potential effect that immigrant entrepreneurs[10] may have on industrialized capitalist economies. The existing academic literature on Asian immigration and ethnic entrepreneurs, which has been useful for providing a detailed description of certain historical aspects of the Asian immigration experience, does not specifically account for the social and economic conditions which surround the activities of ethnic entrepreneurs or business immigrants in the 1990s. Research has tended to focused on the causal factors which determine the supply of ethnic entrepreneurs, but it does not view business immigrants as active participants and economic decision makers in the mainstream economy, and subsequently, it can not account for the impact of their activities on the host society. Additionally, many current studies are based on the assumption of equilibrium; that is, they do not account for the changing nature of the immigrant business community over time, and the different waves of immigration which make of this community. Finally, research has yet to specifically account for the activities of Canada's new wave of

[10]Ethnic Entrepreneurs is the term used by previous scholars to refer to the phenomenon of immigrants operating business enterprises. This term often limited the activities of these business people to operations in ethnic economies and did not account for the implications of their activities on society at large. I prefer to use the terms business immigrant and immigrant entrepreneur, a public policy designation assigned by the Canadian government, because they are less limiting in terms of the images they conjure up about the activities of these people . This term will be used to differentiate the fact that this study examines these business people as active decision–makers and participants in Canadian life, and whose activities have implications for society at large.

experienced Asian investors and entrepreneurs, particularly from the Pacific Rim[11] and they do not include data of their activities within particular Canadian cities such as Edmonton.[12] Therefore, the alternative view of this project is that business immigration represents a possible avenue for economic and cultural change in Canada, but what is the role of the business immigrant in this process of change? Joseph A. Schumpeter (1961[1934]) provides a framework by which we can attempt to understand the role of the entrepreneur in the process of economic development.[13]

RESEARCH PROBLEM

The dearth of empirical, and hence theoretical information, on the phenomena of business immigration is the impetus for this project. This thesis represents an effort to understand business immigration as part of the process of cultural renewal and culture change in industrialized capitalist countries; and more specifically, to describe and understand immigration, particularly business immigration,[14] as part of nation–building

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[11]Research in this area is limited in Canada. Articles have been written by Leo Paul Dana (1993) on business creation among immigrants in Montreal and by Gabrielle A. Brenner and Jean-Marie Toulouse (1990) on Chinese immigrants in Montreal. Peter S. Li (1992b) has examined Chinese Business in Richmond, B.C. while Paul Yee (1984) has examined Chinese business in Early Vancouver. These Canadian scholars also base their research on the models described above. Evelyn Kallen and Merrijoy Kelner (1983) conducted a study on ethnicity and entrepreneurship in Canada, but Chinese immigrants were not included in their study.

[12]Considerable research is available on ethnic entrepreneurs in the U.S.A. and the U.K. by Edna Bonacich (1973); Ivan Light (1984); Roger Waldinger, Howard Aldrich, and Robin Ward (1990). These studies attempt to explain immigrant entrepreneurial success in terms of (1) the blocked mobility thesis; (2) a cultural disposition towards entrepreneurial behaviour; (3) or as the result of economic opportunities derived from strong intra-ethnic community ties.

[13]The purpose of my study is not to prove the validity of his model; but, through preliminary research, to explore the potential of Schumpeter's model for understanding the implications of business immigration in Canada.

[14]Although it is evident that not all business immigrants engage in entrepreneurial activities, I have attempted to include in this study those individuals who have in some way engaged in entrepreneurial endeavours. Thus, the use of the term business immigrant in this study will refer to immigrant entrepreneurs, immigrant investors, and self–employed immigrants, and will imply that some form of

issues within the Canadian context. My hypothesis is that business immigration has relevance for identifying and reconciling issues dealing with the renewal of capitalism and the Canadian identity, matters at the centre of the process of nation–building. For this reason, I have sought to gather empirical data on the activities of business immigrants in Edmonton and to analyze this data by using Joseph A. Schumpeter's (1961[1934]) model of the role of the entrepreneur in economic development to determine the possible sociocultural and economic implications of immigrant entrepreneurial activities in Canada.

RESEARCH METHOD AND THEORY

The previously mentioned research issues will be examined within the academic sphere of economic and political anthropology. The themes of this project include not only issues of immigration, entrepreneurship, and culture change, but also issues of cultural plurality, freedom, and equality, matters all related to what it means to be a Canadian citizen.

Anthropology's Methodological Approach

This project is a preliminary inquiry into business immigration in Canada. Because of the current lack of empirical data on immigrant entrepreneur activities in the

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entrepreneurship has been undertaken. The criteria for determining entrepreneurial activity will be dealt with in subsequent chapters.

1990s, I sought to interview a wide distribution of members of the Chinese business community to gain a broad understanding of the community. In conducting the interviews, I found that some of the business people I interviewed arrived in Canada under the Business Program (post–1986), while others arrived pre–1986. These pre–1986 arrivals are Canadians of Chinese origin who have been in Canada for about 20 to 30 years and who, over the years, have been involved in various business activities. They are not officially deemed to be "business immigrants" by the Canadian government; yet nonetheless, I chose to interview these individuals and to include their comments in this study because they provide valuable insight into the nature of the business community into which more recent business immigrants enter. For example, established members of Edmonton's Chinese business community provide valuable information to newcomers regarding business opportunities or general information pertaining to the Canadian social and business environment.[15] Furthermore, the activities of the more established business people in Edmonton suggest that current research on ethnic entrepreneurs does not account for the changing nature of ethnic business communities and activities over time. For instance, some entrepreneurs who started corner grocery stores in their earlier years in Canada during the 1970s (which most of the research tends to focus on) are the same people who are conducting business activities on an international scale today. Their international experience and connections are just as promising for business as those of recent arrivals in Canada; however, the existing research does not seem to account for this trend. Thus, the comments of the more established business people have also been

[15]Several interviewees mentioned to me that they were informed of business opportunities in Edmonton because they had friends in the city. Information regarding specifics such as business location, financing, and the like were provided by friends who were or are still operating businesses in Edmonton. In one case, one businesswoman became business partners with a friend who was an established member of Edmonton's Chinese business community.

included in this project because, without their insights, an understanding of the context of Edmonton's Chinese business community would be incomplete.

Therefore, my fieldwork involved conducting personal interviews with entrepreneurs of Chinese ethnic background (both recent and more established) at their place of work[16] in order to determine the extent of their economic and social activities in Edmonton. Interviews were conducted with local businessmen and business women[17] who operate business enterprises in Edmonton. Other key players, such as a local lawyer and a bank manager who have had experiences with business immigrants in Edmonton, were also interviewed. Some of these individuals were contacted through personal acquaintances, while others were contacted by "cold calls" at their place of work. This latter group was sought out because of their relatively high profile in the community. A total of 10 people were interviewed: 8 business people, 1 banker, and 1 lawyer specializing in business immigration; this distribution was not predetermined. Of the business people, four immigrated to Canada more than 20 years ago, while another four arrived more recently under the business immigrant program. I will not reveal their names in this study in order to maintain their anonymity.

I carried out these interviews with the purpose of obtaining an emic, or insider's perspective into their experiences in Canada. My objective in these interviews was to learn from these individuals those things which they were willing to comfortably share with me. My purpose was not to limit or direct the discussion in order to maintain

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[16]All of the interviews were conducted at their place of work because previous ethnographic studies have indicated that people are much more comfortable in their own surroundings, rather than in a laboratory setting (Agar 1980: 70).

[17]The terms businessman, businesswomen, and business people will be used interchangeably with immigrant entrepreneurs and entrepreneurs. I believe that these individuals regardless of the size of their business operations exhibit entrepreneurial behaviours. This position will be elaborated on in the next section.

scientific control for hypothesis–testing purposes. As such, the interviews were quite unstructured as I hoped this would provide the participants with an opportunity to talk about matters which they deemed important. For instance, I did not broach the subject of financing because it tends to make people very uncomfortable. My purpose was to gain a thorough understanding of these individuals and their concerns, although the interviews were guided by these general themes: (1) their business activities; (2) their concerns regarding the Canadian business environment; and (3) their entrepreneurial motivations.

I interviewed each participant once; these interviews were approximately 60 to 90 minutes in length. This time may seem relatively short, but many of these individuals are very busy, and understandably, tending to their business operations is much more important than conversing with a researcher. Fortunately, I only had serious difficulties in scheduling an interview with one participant. On that occasion, the interviewee was so busy that I was unable to actually schedule an interview time with him. Instead I called him on a daily basis after his office closed around five o'clock in the afternoon (but this did not necessarily mean that his work day was at an end) to inquire if he had time for an interview. I finally managed to see him after a week of phoning.

Furthermore, I approached these interviews as a first step towards developing a possible longer term ethnographic relationship with members of the community. Michael H. Agar writes that

> ...ethnographic relationships are long–term and diffuse. An ethnographer associates with people over an extensive period of time....There are many reasons why this is stressed. First of all, it takes a while for people to accept your role and begin to trust you. Then to achieve the kind of learning to which ethnographers aspire [a comprehensive understanding of a group], much time is necessary (1980:70).

However, because of the constraints of this research,[18] I was unable to develop a long-term relationship with the community before completing this analysis. Hence, this project is not a definitive ethnography of Edmonton's Chinese business community. Nevertheless, I did not forgo considerations of developing rapport, trust, and acceptance with the participants in this project. Thus, I personally conducted each interview and always informed the interviewees of my research purpose.

Anthropology's Theoretical Concerns

Anthropological methods and paradigms have been used to generate the interview questions and to guide the analysis of the data obtained from these interviews. In describing the anthropological approach, Christine Gladwin (1989: 398) contrasts anthropology, particularly economic anthropology, with formal economics. First, Gladwin (1985) writes, anthropologists tend to focus their studies on microlevel economic phenomena rather than macrolevel issues at regional or national levels. In this study of members of Edmonton's Chinese business community, I have attempted to examine phenomena at a more local, community-oriented level; and although I examine the implications of this community's activities for the Canadian population at large, my unit of analysis is still at a microlevel. Second, anthropologists often focus on gathering qualitative data and are not concerned with formal quantitative methods. As such, the purpose of my relatively unstructured interviews was to gather qualitative data through conversations and discussions which were not necessarily always directed by this

[18]This project is intended to be merely a preliminary study of the Chinese business community in Edmonton. It is intended to be a first step in preparing for my PhD research which will involve developing a broader ethnographic study of the business immigrant population in Canada.

researcher. This approach often allowed interviewees to discuss issues which they deemed important. Furthermore, this approach allowed for a broader inquiry into what the local business people are doing and how they are going about doing it, necessary questions before determining what they are adding to the business equation, a common concern among economic analysts. Third, anthropologists tend to aim for a holistic, almost "gestalt impression of culture" (Gladwin 1985: 398), while economists tend to examine economic phenomena in isolation. With this purpose in mind, this project examines entrepreneurship and economic behaviour as a process embedded in other social processes. By doing so, the immigrant entrepreneur is studied as both an agent and a product of culture change in Canada. In this way, entrepreneurship in this study, is viewed as both a result of certain sociocultural, and even psychological conditions, and also as a force in directing the existing sociocultural environment. And finally, Gladwin (1985) distinguishes economic anthropology from formal economics by describing anthropology's unique use of the ethnographic discovery process to base ethnographic observation on, and to build ethnographic models.[19] This process is different from the linear approach of hypothesis testing often used by neoclassical and Marxist economics because it avoids necessarily determining causal relationships; and instead provides a holistic, qualitative examination of the cultural process (Gladwin 1985: 398). For example, one of the prevailing issues in the study of immigrant entrepreneurship in

[19]Participant observation is one of the means by which this type of data is gathered, but spending time at the entrepreneur's place of business was not conducted in this project. Because this research is still in its preliminary phase, I decided that personal interviews would be more appropriate in gradually establishing contact with these very busy, and relatively private, individuals. Additionally, I felt that personal interviews would be a necessary step in developing rapport which would, perhaps, eventually set a foundation for future research and the possibility of employing participant observation at a later date. In this way, I hoped that these interviews would help introduce me to the community, inform them of who I am and what my intentions are, and would help me map out some of the general issues and concerns within the community. For these reasons, fieldwork was conducted, but participant observation was not employed at this stage.

Canada has been the Business Immigration Program's success, often measured in economic terms, such as the amount of venture capital, business experience, and international networks that immigrants can bring to Canada. However, the only problem with this approach is that, in qualitative terms, their contributions are not necessarily limited to economics. Given that research in the are of immigrant entrepreneurship is still in its early stages, I have attempted to gather preliminary data to understand the activities of these individuals without necessarily focusing on a hypothesis-testing approach, or determining causal relationships.

The anthropological approach in this project is particularly useful because it addresses several prevailing methodological problems in entrepreneurship research. Some of these concerns have been identified by William D. Bygrave (1989) in his article *The Entrepreneurship Paradigm (I): A Philosophical Look at Its Research Methodologies.* In this article, Bygrave suggests that current methodologies in entrepreneurship studies need be modified in several ways. Although he writes in reference to entrepreneurship studies in general, these same methodological concerns can apply to immigrant entrepreneurship research. Bygrave's first concern is that

> Entrepreneurship, as an emerging paradigm, is in the pre-theory stage so emphasis should be on painstaking observations rather than on theory building. At this stage we should rely on frameworks to guide our grounded research. What we need at this stage are more empirical models that describe observed phenomena as accurately as possible...the heart of the entrepreneurship process will be found in the 'descriptive background' (Bygrave 1989: 20).

Specific research on immigrant entrepreneurship can also be considered to be in its early pre-theory phase, especially in light of recent economic and social conditions which have not been accounted for in the existing literature. Therefore, the use of anthropology's qualitative ethnographic approach, especially in terms of using personal interviews to

garner descriptive data, is well–suited to the initial data gathering stage of research that immigrant entrepreneurship research is in. Additionally, the use of anthropology's subjective emic approach allows for the recognition of the human agent, the entrepreneur, at the centre of the creative process of entrepreneurship. Furthermore, if one is to examine the value–added services and goods that entrepreneurs, particularly immigrant entrepreneurs, are expected to bring about, then an understanding of the meaning of such values is necessary and can be achieved through the use of anthropology's focus on meaning systems.

As well, Bygrave suggests that entrepreneurship studies should try less to be like the natural sciences in terms of hypothesis testing, and should not fall victim to "physics envy". He writes,

> Physicists examine nature by remorselessly isolating the parts from the whole. We can not separate entrepreneurs from their actions. We must avoid reductionism and look at the whole through case studies (Bygrave 1989: 20).

Anthropology's holistic approach allows for an integrative understanding of the immigrant entrepreneur phenomena, and attempts to avoid reductionist tendencies and categorical thinking. Anthropology's processual tendency to examine the interrelatedness of parts provides for a thorough study of the psychological, sociological, cultural and economic dimensions affecting immigrant entrepreneurship and attempts to avoid linear causal relationships. Additionally, an anthropological focus provides for a framework for understanding immigrant entrepreneurship as part of other social processes. Therefore, entrepreneurship is considered to be both an independent and dependent variable, or a mediating variable (Wilken 1979: 4), in the process of economic development in this study.

Finally, Bygrave suggests that entrepreneurship should be studied more as "a process of becoming rather than a state of being...it is not a steady state phenomenon...nor does it change smoothly" (Bygrave 1989: 21). Similarly, a common theme in anthropological studies is change, and its recognition that cultural and economic systems are dynamic. Anthropological research does not assume that phenomena remain in a steady state; it recognizes that culture and people are continually evolving. It is for this reason that Joseph Schumpeter's model of entrepreneurship as a dynamic process is consistent with anthropology's focus, and that it is useful for understanding the dynamic role that entrepreneurs, and particularly immigrant entrepreneurs, play in the process of economic development and culture change.

Hence, I have attempted to reveal the possible significance of an anthropological approach to immigrant entrepreneurship studies. Anthropology not only reveals the importance of norms or traditions which can inhibit or encourage entrepreneurship, but it also focuses attention on the social, political, and cultural processes in which entrepreneurs operate. This focus serves as important guide for helping to identify, from the plethora of historical detail, those events and processes which are significant to immigrant entrepreneurial behaviour within the Canadian setting. This approach places these entrepreneurs in a broader socio–economic context of capitalist development in Canada, such that this development can be managed by Canadians in their search for economic well–being, national unity, and international competitiveness.

ANTHROPOLOGICAL RESEARCH THEMES

Ultimately this study deals with the relationship between the individual and culture, and issues of culture change. Entrepreneurs, as both individual and social beings, have a unique relation to their cultural environment. On the one hand, they are a product of the cultural environment; but, on the other hand, they have the potential to have a significant impact on culture through their innovative behaviour. By examining the activities of the entrepreneur, and extending the theory to immigrant entrepreneurs, one can hopefully gain a better understanding of the role of business immigrants in industrial societies.

The Cross-Cultural Comparison of Entrepreneurship

Entrepreneurs of Chinese ethnic background have been asked to discuss their own particular perceptions, values, experiences, and understandings of economics and entrepreneurship. Furthermore, they have been asked to discuss how they have come to understand their new Canadian business environment. Such questions deal with issues of cultural adaptation. This study will attempt to ascertain the cultural depth of the market system and the nature of the intercultural exchange process in which possessing cross–cultural communication and decision–making skills are critical.

Conflicting Social & Economic Expectations

There seems to be growing concern over the presence of immigrant entrepreneurs in Canada. The general perception seems to be that immigrant entrepreneurs, and in fact immigrants in general, are displacing Canadians in their own country. Wong and Netting's research (1992) on the business immigrant class and the prevailing racial tensions in Vancouver, British Columbia indicates that a great deal of misunderstanding and tension surrounds their presence in Canada. I argue that these problems stem from a misconception of certain expectations and outcomes of entrepreneurial performance. In order to assess properly the economic and social implications of immigration, these expectations must be examined.

The first prevailing expectation is that, as business people, their primary purpose is the economic benefit of Canadians; that is, they are sought out for their capital, business experience, and entrepreneurial spirit. The second is that while pursuing their business activities, these immigrant entrepreneurs are expected to act with as little disruption as possible to the Canadian way of life. However, these two expectations are logically inconsistent if we assume that economic behaviour is not separate from other social behaviour; thus, a change of activity in one area, such as economics, will inevitably bring about changes in other areas of life. Given this model of the integrated nature of social life, if we look at the entrepreneur as an agent of change, we find that Canada's social and economic expectations of immigration must be reassessed. It is generally expected that entrepreneurs bring about economic change, but there seems to be little recognition that social change can be effected by these immigrant entrepreneurs. These contradictory social and economic expectations need to be brought in line. One way is to

examine how the relationship between social and economic change manifests through the activities of the immigrant entrepreneur. This examination will require a reconsideration of the present economic research on entrepreneurship, and the use of an anthropological perspective, which may provide a more thorough understanding of the process of entrepreneurship.

Culture Change and Economic Development

Previous research on ethnic entrepreneurs has tended to focus on immigrant experiences of economic and cultural adaptation. Although this study will deal with this issue, it will also examine the adjustments that Canadian society and businesses will need to make as hosts, and eventually partners, to these entrepreneurs and investors. These are the issues at the heart of economic development.

Issues of economic development and growth, and essentially modernization, have been explored by a number of anthropologists. However, economic anthropology has tended to explore these issues within the context of non–industrialized countries, assuming that modernization would arrive when these less developed countries resembled the Western economic model. Additionally, entrepreneurship was seen as a mechanism by which to transform these societies from one stage to another. More recently, however, Greenfield and Strickon (1981) propose a reconceptualization of the traditional evolutionary process and the role of the individual as entrepreneur within it. They argue that in view of evolutionary models, it was assumed that all societies go through similar growth processes and inevitably reach a stage conforming to a Western typology of modernity. With the appropriate input of technology, capital, etc., all societies would

come to have modern developed economies. A modern economy, of course, was defined by the existence of characteristics which were present in Western societies.; it was seen to be a convergent process wherein all societies, as they developed, would become more alike. However, as Greenfield and Strickon (1981) write,

> Prior to World War II, and in the immediate postwar years, when very few societies actually were "taking off," the convergent outcome assumed by the essentialist model of development remained unchallenged. But more recently, data collected in a number of developing societies over the past decades have led some scholars to question the theory (Greenfield and Strickon 1981: 495).

In the past few years the industrialization of non–European economies have proven this convergent theory to lack validity. Greenfield and Strickon (1981) comment on the rise of Japanese factories as a prime example of the inaccuracies of such an approach. They write,

> Japanese factories, for example, although technically and in terms of efficiency on a par with their counterparts in the developed nations, are not managed like English factories; nor do social relations in them take the same forms as they do in Great Britain nor are social relations, for that matter, the same in Japanese factories. Furthermore, although kinship and patterns of domestic relations in Japan have changed as the industrialized nation, the results do not even approximate the forms that characterize Great Britain and the United States (Greenfield and Strickon 1981: 495).

Thus as Greenfield and Strickon (1981: 495) write, "After more than a century of intensive industrialization, therefore, although Japan has changed profoundly, it still does not conform to the expectations of the essentialist model of modernization." Therefore, earlier assumptions about modernization do not account for the non–linear reality of culture change and economic development.

As such, this study of the implications of Chinese business immigration in Canada is not intended to imply that Canada will become more "Asian" in its operations, but it also does not suggest that immigrants completely assimilate into the Canadian

environment because these assumptions tend to follow a linear path of reasoning. An alternative to this linear assumption is that economic development can result from a combination of existing Canadian and Chinese traits. Thus, the Canadian identity will not be viewed as a static concept.

Given this approach, the ability to face challenges of cultural adaptation is critical for all of those who make Canada their home. The way in which Canadians find a solution, a truly Canadian solution, is to deal with issues of diversity, which will impact on their ability to manage and live in a multi–ethnic society, and hence their capacity to compete and cooperate in the interdependent global market. As such, this project will examine the economic and social contributions of immigrants within the context of nation–building and cultural renewal, which can arise from the immigrant's ability to reaffirm the Canadian value system while simultaneously adding on to it.

Nation–Building

The significance of this project on business immigration lies in the theme of nation-building (Dreidger 1989; Li 1990; Satzewich 1992) in Canada. It is within this framework of nation-building that one can recognize the contributions that all Canadians (old and new) make, and hence the significance of cultural diversity in this country.

Modern industry has been characterized by the growth of giant firms which reap economies of scale within large markets. The need for larger markets has linked countries to the global market place. This trend has raised concerns about the preservation of national autonomy. Miles (1992: 39) refers to this economic trend as economic integration on a global scale. Such economic integration is the ideal situation

for multinational corporations, in which one world culture with one commercial language would prevail. Thus, the maintenance of national autonomy becomes critical because it is only at the local or national level that we can manage social issues of community, equality, and citizenship, which the capitalist structure often ignores. Hence, within these international economic pressures, there are social pressures to return to the arena of the community, where such social issues can be dealt with.

However, the danger in emphasizing national autonomy is that it may cause a return to the assumption that the guiding principle for nation-building is cultural homogeneity. This principle is no longer viable given that diversity is a part of the human condition. Thus, one of the critical responsibilities of the Canadian government in implementing the Business Immigration Program will be to ensure that economic development is balanced with social development. Canadians will need to create an environment conducive to entrepreneurial activity, while simultaneously ensuring that economic activity does not destroy equal opportunity to participate in Canadian life.

JOSEPH SCHUMPETER AND ENTREPRENEURSHIP

The main purpose of this project is to examine issues of culture change, of which economic change is a part, and to examine the interrelationship between economic and social processes. A framework for understanding business immigration in this process will be developed using Joseph Schumpeter's model of entrepreneurship to reveal how the immigrant entrepreneur can possibly effect culture change. The qualitative details of this process will be determined from the data that I have collected in my fieldwork. A study of Schumpeter's theory will reveal that current research on immigrant entrepreneurship

does not account for the processual nature of the entrepreneur's relationship with the larger society, nor his or her decision–making abilities.

Joseph Schumpeter (1961[1934]) suggests that economic life is a process of change, that enterprise is part of the mechanism of economic change or growth, and that entrepreneurship is the avenue to understanding this change. Schumpeter writes,

> This role [the entrepreneur's role] is to be investigated because it constitutes an avenue to the study of economic change and, besides, presents many interesting problems, but not because there is a theory *a limine* to the effect that entrepreneurship is the motive power or creator of "economic progress." In fact if anything is clear from the outset, it is the proposition that this cannot be so except in a very special sense—which involves the recognition of "objective" conditioning factors—that have as much claim in being dubbed "causal" as has the action they condition (Schumpeter 1991[1947]: 409).[20]

Additionally, Schumpeter identifies two methodological concerns which must be avoided in entrepreneurship research. First, he writes, "we are but rarely in a position to speak of clear–cut causes and effects. Instead we mostly have interaction between the elements of the social system" (Schumpeter 1991[1947]: 410). Schumpeter continues his argument by writing,

> ...practically all the economists of the nineteenth century believed uncritically that all that is needed in order to explain a given historical development is to indicate conditioning or causal factors such as have been mentioned above. But this is sufficient only in the rarest of cases. As a rule, no factor acts in a uniquely determined way, and whenever it does not, the necessity arises of going into the details of its modus operandi, into the *mechanisms* through which it acts (Schumpeter 1991[1947]: 410–411).

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[20]References to Joseph Schumpeter's work are taken from the 1961 publication of *The Theory of Economic Development* and from a collection of his essays edited by Richard Swedberg (1991) entitled, *Joseph A. Schumpeter: The Economics and Sociology of Capitalism.*

Schumpeter suggests that these methodological and theoretical concerns, which are similar to the ones previously identified by Bygrave, need to be addressed in studying the entrepreneurial process and the process of economic change.

As such, Schumpeter offers an alternative conceptualization of entrepreneurship. His approach is based on economic sociology which to "Schumpeter essentially meant an analysis of economic phenomena as a social phenomena as opposed to an exclusively economic phenomena" (Swedberg 1991: 36). In this way, Schumpeter recognized that economic changes are part of a larger social process at work, and that economic and social processes are entwined. He argued that economic growth is dependent on factors outside of itself (Schumpeter 1961[1934]: 231), but it can also facilitate changes in the existing conditions in the environment. For this reason, social and economic processes were not be studied in isolation of each other. Thus, "details of the social processes by which industrial and commercial structures emerge and vanish" were to be examined (Schumpeter 1991[1947]: 408); but a study of the entrepreneurial responses to these conditions are also critical to the understanding of how changes were facilitated in the economy. Schumpeter summarized his conceptualization of the study of entrepreneurship by drawing a distinction between, what he perceived to be, two existing approaches to economic studies. He writes,

> On the one hand, there is, as we have seen, the works of "conditions," physical, institutional, political, and so on, not to forget the growth of legal and business techniques such as the negotiable paper and double–entry bookkeeping; on the other hand, there is the world of types of "responses" to "objective" opportunities or barriers, the investigation of which frequently leads into the history of individual concerns and of individual men and their backgrounds and stocks (Schumpeter 1991[1947]: 420).

Thus, by focusing on the responses to external conditions, Schumpeter indicated the significance of a processual approach in his studies. Not only did he call for an

investigation into conditions that determine entrepreneurial activity, such as the factors of good government, location, physical property, freedom, and the like, but he also raised questions pertaining to the entrepreneurial responses to such conditions.

These responses are a critical part of Schumpeter's model because they, in turn, change existing conditions. In this way, the entrepreneur's responses are not merely adaptive acts; these responses are interesting because they tend to be creative, and "creative responses shape the whole course of subsequent events and their 'long-run' outcome...creative responses change social and economic institutions" (Schumpeter 1991[1947]: 411–412). Thus, entrepreneurial activities can have serious economic and social consequences because, according to Schumpeter, the entrepreneur "breaks up the old" and "creates new traditions;" and "although this applies primarily to his economic action, it also extends to the moral, cultural, and social consequences of it" (Schumpeter 1961[1934]: 92). Thus, economic growth in Schumpeter's model does not simply imply an increase in population size or capital wealth, or an increase in factors of production; but rather it implies a different use of the existing factors of production. As such entrepreneurship is the process of creating new combinations of resources, or of doing things which have already been done in new ways. In this way, economic growth is distinctly different from economic development (the focus of the rest of this thesis), because growth refers to the expansion of existing structures, while development implies a qualitatively different change made in the existing economic structure.

In applying this paradigm of economic change to capitalist economies, Schumpeter re–emphasizes the importance of understanding the role of entrepreneurship in economic change:

> ...the mechanisms of economic change in capitalist society pivot certainly on entrepreneurial activity: however, we may wish to distribute our emphasis between opportunity or conditions and individual or groupwise response, it is patently true that in capitalist society objective opportunities or conditions act *through* entrepreneurial activity, analysis of which is therefore, as previously stated, at the very least an avenue to the study of economic change in the capitalist epoch (Schumpeter 1991[1947]: 418).

In this way, Schumpeter described the circular and discontinuous flow of capitalism. He described the movement of the market as a two–fold process whereby the economy experienced small incremental increases in size, as well as large discontinuous changes which were the result of entrepreneurial activity. He considered capitalism, the free–enterprise system, not to be merely a technical economic arrangement, but also a schemata of values and a particular way of life in which the entrepreneur played a role (Schumpeter 1961[1934]). Therefore, Schumpeter's sociological approach to enterprise and entrepreneurship extended beyond questions which were merely concerned with conditions that produce and shape entrepreneurial activity; it extended into inquiry into the very structure and foundation of the capitalist system (Schumpeter 1991[1947]: 418). Ironically, however, Schumpeter ultimately predicted the demise of capitalism because he argued that it would not be able to sustain itself. Many scholars during the late 1980s would have agreed with Schumpeter, given the increasing industrial disputes, chronic unemployment, and other monetary problems related to the recession, but as many scholars have recently recognized, the current scenario seems less pessimistic due to the renewing force of entrepreneurship.

In this way, this thesis will be guided by Schumpeter's theoretical approach to the relationship between economic change and entrepreneurial activity, keeping in mind the social implications of such behaviours. Thus, Schumpeter's processual examination of the processes of entrepreneurship and economic development will be useful in

understanding the processes of immigrant entrepreneurship because it studies the interaction of various social, cultural, and economic elements in the larger context of the social system and capitalism in general. It provides a model for possibly identifying significant implications of business immigration in industrialized economies and it offers a framework for understanding how the activities of ethnic entrepreneurs can have possible implications for society at large.

RESEARCH SIGNIFICANCE

It is anticipated that the findings of this research project will not only contribute to a better understanding of the entrepreneurial energy and experience that many Chinese business immigrants have to offer Canada, but will also illuminate their role, as Canadian citizens in pursuing the Canadian dream of economic prosperity and social stability through the creation of a new form of intercultural and international entrepreneurship. This project examines the social and economic contributions that business immigrants make in creating national wealth, increasing international competitiveness, and identifying skills necessary for inter-cultural communication in Canada, which, in turn, help to renew Canada's social and economic identity. It is an attempt to raise an awareness of the challenges of diversity that will become a critical part of the adapting process for all of those who make Canada their home. The Canadian solution to issues of diversity will impact on our ability to manage and live in a multi–ethnic society and our capacity to compete and cooperate in the interdependent global market. Proper management of these issues will only enhance Canada's competitive position in the international marketplace. Moreover, it is anticipated that this research will help

Canadians, in general, better understand the significant social and economic contributions that immigrants make, and will continue to make, in the development of this country.

OUTLINE OF THE THESIS

This first chapter has attempted to introduce the theoretical context of immigrant entrepreneurship research in the 1990s. The second chapter delves into issues concerning the changing conditions of capitalism in industrialized nations, and suggests the possible significance of immigrant entrepreneurs in this context. It also re–examines the role of immigration and entrepreneurship in industrial nations. The third chapter provides a review of the existing literature on entrepreneurship, specifically ethnic entrepreneurship, and introduces Joseph A. Schumpeter's (1961[1934]) study of entrepreneurship. Chapter four examines anthropological studies of entrepreneurship and culture change; and identifies several anthropological issues concerning Schumpeter's entrepreneur. Finally, chapter five uses the ideas developed in previous chapters to analyze the particular situation of Chinese business immigrants in Edmonton. This is the empirical section of the work, and it covers three facets of the relationship between entrepreneurial behaviour and the process of economic development. The first part examines these activities in the context of recent immigration research, to help develop the relationship between the immigration process and the activities of these entrepreneurs. The second part examines immigrant entrepreneurs within the context of Schumpeter's conceptualizations of the function of the entrepreneur in economic development. Finally, the third part examines the implications of this framework for understanding issues of economic and social renewal in light of Canadian nation–building.

TWO

The Increasing Significance of Immigration and Entrepreneurship

THE SIGNIFICANCE OF ENTREPRENEURSHIP IN WESTERN INDUSTRIALIZED ECONOMIES

The purpose of this chapter is to identify the changing economic trends in industrialized economies and the significance of entrepreneurship and immigration within these developments for cultural renewal in Canada. Canada can no longer simply rely on its manufacturing and resource industries to provide continued economic growth and to maintain its historical competitive advantage in the global economy. Increasing international competitiveness has altered the traditional avenues of success in Western capitalist economies. Economic success can no longer be measured by the size and expansion of existing industries. Large-scale organizations designed to achieve efficiencies of scale are no longer necessarily the most viable means of competition. Economic growth through partnerships between privately owned, large-scale corporations and state agencies has proven to be less effective than anticipated; and corporate mergers for the development of large-scale units of administration and production are no longer necessarily advantageous.

Traditional assumptions concerning the success of capitalism have primarily focused on issues of expansion or growth. Today, however, qualitative changes in the structure of capitalist economies are more of a concern. Industrial restructuring on a worldwide basis has led to significant changes. Blaschke et al. write

> ...industrial restructuring has been accompanied by rising unemployment, as traditional large-scale employers (for example, iron and steel, automobiles) have closed down plants and laid off workers. Large firms have felt the full force of increasing competition from low-labor-cost countries, and large firms' perceived need to reduce labor costs has accelerated the transfer of labor from labor- to capital-intensive production. Where firms have survived, they typically employ a much smaller, more highly skilled work force carrying out a narrower range of economic activities within the business (Blaschke et al. 1990: 79).

For this reason, Canadians must realize that their economy can no longer compete with low–wage nations abroad, and that they can no longer depend on their natural resource advantage, or their relatively high tariffs as a means to protect the competitive position of manufacturing industries. Crispo writes,

> All of these advantages gradually came to mean less as both Germany and Japan recovered from their defeat in World War II and became rivals to the United States in industrial leadership. More recently, a number of developing countries in the Far East have emerged to challenge our established economic order, in the resource field and especially in manufacturing. As a result these ongoing developments, Canada now faces the harshest competitive challenge in its history (Crispo 1992: 4).

If countries such as Canada can no longer compete on the basis of low wages, they must instead develop and retain innovative producers of goods and services. Therefore, Canada and other industrial nations must turn their attention away from viewing labour as merely another high cost resource, subject to "down–sizing" when times are bad, to valuing labour in terms of its potential as human capital. Industrialized economies will need develop the skill level of the workforce, thereby creating an environment conducive to nurturing creative and productive employees and employers. Drucker (1993) has

referred to this trend as the "period of post–capitalism," and the "age of the knowledge society," where information, its creative application, and its human source will be the driving force behind a successful economy. Similarly, Crispo suggests, "Canadian entrepreneurs must...concentrate as much as possible on high–tech and high value–added goods and services, and production methods" (Crispo 1992: 13).

In this way, entrepreneurship has recently been recognized as one of the "driving forces of the twenty–first century economy" (Katz 1991: 85).[1] The expectation of economic rejuvenation has specifically been placed on the entrepreneur because, as Leo Paul Dana writes, "Entrepreneurship includes the creation of local jobs, the commercialization of technology, and the building up of enterprise which strengthens an economy" (Dana 1992: 3). Entrepreneurship is best suited to lift our economy because entrepreneurs, unlike large bureaucratic structures, seem better equipped to respond quickly to situations with new ideas and methods, which are critical for tapping into the changing demands of the international market place. For instance, Robin Ward (1987: 87) has identified several areas in which new opportunities have been recognized and occupied by small and medium–sized businesses. These are (1) in areas of subcontracting and franchising which have been facilitated by the decentralization of large firms; (2) in areas in which flexible manufacturing is required to meet rapidly changing demands (which large firms, that have relied on the steady sales of long runs of standard products, cannot easily adjust to); (3) in areas in which demand has increased for

[1] Although it appears that entrepreneurship research has, to date, been virtually non–existent, it is more appropriate to conclude that it is has merely been overshadowed by other research. Entrepreneurship research has a long tradition, having been conducted by social scientists from a number of disciplines, including economics, sociology, psychology, and anthropology. According to Peter Kilby (1972), Joseph Schumpeter, an economist, was one of the first scholars to examine the role of the entrepreneur in the process of economic development.

locally manufactured goods and personalized service caused by changes in lifestyle, that cannot easily be served by large organizations which are focused on economies of scale; and (4) in retail sectors in multiethnic areas in which supermarket chains do not exist and in which large structures have not accounted for the cosmopolitan nature of the area. Thus large scale manufacturing, which gains an economic advantage of lower costs through a reliance on economies of scale, long–run steady sales, and standardized products is not necessarily competitive in today's environment. Smaller entrepreneurial firms, with their flexible manufacturing capacity, seem more responsive to rapidly changing conditions. This entrepreneurship is characterized by individuals with vision, insight, and risk–taking abilities, who will contribute to the decentralization of large bureaucratic structures, and help Canadians adapt to the global market place. Thus, there is a growing recognition of the importance of entrepreneurship in stimulating employment and renewing the economy.

THE CONTRADICTION OF ENTREPRENEURSHIP

However, the growing awareness of the significance of entrepreneurship is rather unique because it seems to contradict prevailing economic theories which suggest that small, independent businesses are remnants of past capitalist behaviour and that small entrepreneurial ventures are less efficient and less productive than large bureaucratic organizations. According to Dana, this attitude has been prevalent in the economic activities of government for the last fifty years:

> For nearly half a century, governments around the world gave little if any support to entrepreneurs and new–venture creation; on the contrary, up to the late 1970s, many nations preferred instead to encourage mergers of

> existing firms into larger units. The trend was to evolve away from small, independent businesses; governments believed instead that a measure to facilitate economic growth would be to encourage a close partnership between the existing large firms in the private sector and state agencies (Dana 1992: 5).

As such, the trend in economic thinking has been to assume that large corporate structures are the driving force and ultimate expression of capitalism in advanced industrial economies. For instance, Heilbroner notes that "the typical units of operation in the market economy are no longer small, adaptable enterprises but large-scale, technologically 'fixed' undertakings" (Heilbroner 1992: 82). According to Heilbroner, the rise of cutthroat competition weakens many smaller firms to the point where they go out of business or are bought up, cheaply, by the surviving firms which eventually merger until only one or a few companies dominate one industry. An example of this tendency can be found in the rise of the so–called "big box" retailers, such as the large grocery, home hardware, and office supply stores which use economies of scale to undercut the prices of smaller stores, eventually driving many out of business. These large–scale retailers seem to use their economies of scale so successfully that they are often known as "category killers."

This prevailing large–scale tendency, as Paul Reynolds (1991) explains, is based in the functional equilibrium model and Marxist class competition societal model, which hold the notion "that in advanced economies all production will eventually be provided by large, formalized organizations. Such large organizations are assumed to be so efficient that they will eventually drive out all smaller firms" (Reynolds 1991: 48). Thus, social scientists tended to conclude that small business and self–employment are incompatible with capitalist economic concentration (Light 1984: 195). In other words, the assumption that the capitalist drive for expansion and accumulation will ultimately

find expression in large corporate structures is based on the belief that large structures are most capable of reaping the benefits of larger economies of scale in production. Thus, it could be argued that the predominance of today's multinational corporations provides a ready example of the strength of the large corporation.

However, current research in the social sciences indicates that this large–scale tendency is not necessarily the predominant trend of the 1990s. Today, the presence of large corporate entities is accompanied by the growth of entrepreneurship, and small and medium–sized firms. Due to a change in focus in research, there is a growing awareness that small firms and entrepreneurial activity have not only had a enduring presence in advanced capitalist economies over the years, but are, interestingly enough, significant features of most advanced industrial economies (Reynolds 1991). While the capitalist structure supposedly encourages large corporate structures, there exists a simultaneous push for innovative endeavours. Thus, capitalism has two effects: it pushes countries to engage in multinational participation and large-scale production, while simultaneously creating the need for more innovation to tap into local markets, which is most successfully achieved in small and medium–sized firms. Such evidence has led many researchers to re–evaluate their fundamental assumptions regarding the significance of small enterprises, and their belief that large industrial organizations are the fundamental characteristic of advanced capitalist economies.

As such, more recent research in North America has noticed the persistent presence of small and medium–sized firms in Canada and the United States (Reynolds 1991).[2] For instance, Yvon Gasse has noted that "In 1988, small businesses accounted

2Unlike their counterparts in Germany and Japan, North American scholars have only recently become aware of this phenomena.

for 28.9 percent of all business sales in Canada. A share that has risen steadily through the 1980s" (1994: 4). Furthermore, researchers have also recognized the importance of this trend. For example, Gasse suggests that strong entrepreneurial and innovative behaviours will be the prerequisites to developing competitive enterprises in Canada, so that the task of the entrepreneur

> ...is to do today those things which mold the future, whether by anticipating the effects of fundamental change which have already taken place or by setting a new direction and exerting a dominant force or will. In order to achieve this, entrepreneurs will have to develop value-added products and services in well–defined market niches to fully exploit their competitive advantage (Gasse 1994: 8).

Essentially, Gasse illustrates that the fundamental contribution of entrepreneurial activity is, in fact, economic and social change. What is at issue, then, is that our national tendency to focus upon cultivating and promoting huge multinational corporations will need to be re–evaluated in light of the economic possibilities that entrepreneurs, and their small and medium–sized businesses, possess.

IMMIGRANT ENTREPRENEURSHIP: CANADA'S BUSINESS IMMIGRANT PROGRAM

Given that entrepreneurship has become an important variable in the economic development equation, countries such as Canada are developing entrepreneurial skills by "importing" entrepreneurs through their immigration policies. Canada's Business Immigrant Program, implemented under the independent immigrant class, was initiated in

the 1970s;[3] and was designed to attract business people with entrepreneurial energy and investment capital to Canada. Valerie Knowles writes,

> Believing strongly that business is the engine that drives the Canadian economy, the Conservatives expanded a Liberal program, first introduced in 1978, that relaxes immigration requirements for individuals in the business class (Knowles 1992: 178).

The program initially consisted of two categories: (1) the self–employed immigrant, and (2) the immigrant entrepreneur. Those who apply for entrance to Canada under the self–employed category are skilled workers who are required to establish their own employment. Immigrant entrepreneurs are expected to be experienced business people who must establish, acquire, purchase, or make a substantial investment in an enterprise that employs at least one Canadian or permanent resident. They must also actively participate in the management of such a venture. Individuals applying for status in the self–employed and entrepreneur categories are evaluated on their business history, management skills, and capital means to set up a business (Wong and Netting 1992: 95).

In 1986, the investor class was created. It places greater emphasis on the capital requirement; and was designed to attract qualified business people to invest capital in business ventures, syndicates, or funds which contribute to the Canadian economy. Investors are admitted to Canada on the basis of their proven business track record, and a net personal worth of $500,000 or more. They must be prepared to invest between $150,000 and $500,000, depending on the province of investment; a maximum limit of

[3]Recent changes to Canada's immigration policy were made in November of 1994. The changes by the Liberal government made specific reference to focusing on the economic contributions of immigrants to Canada. As such, the focus of Canadian immigration policy will be to attract skilled workers and business immigrants. This plan is basically shaped by postwar Canadian federal governments of liberal and progressive conservative stripes. However, this unified policy on immigration is under considerable strain due to the Reform party's attack on both immigration and multiculturalism.

$35 million restricts large capital flows. By 1986, the business immigrant program formally consisted of the self–employed, entrepreneur, and investor classes.

The objective of business immigration has been to promote Canada's economic development through "the transfer of immigrants' business skills and capital, which will ultimately create jobs for Canadians" (Nash, quoted in Wong and Netting 1992: 96). The Business Immigrant Program was the culmination of efforts to dispel the myth that immigrants took jobs away from Canadians; it was a continuation of the need to design an immigration policy which promoted a strong and viable economy, and economic prosperity for all parts of Canada (Wong and Netting 1992: 96). These concerns are reiterated in the introduction of a recent government study of Canada's Business Immigration Program, which reads:

> The objective of the Business Immigration Program is to promote, encourage and facilitate the immigration of experienced business persons from abroad who will make a positive contribution to Canada's economic development by applying their risk capital and know–how to Canadian business ventures which create and maintain jobs for Canadians and to support provincial economic benefits (Citizenship and Immigration Canada 1994:1).

Thus, both the federal and provincial governments have placed a great deal of economic expectation upon these business immigrants. For instance, the Province of Alberta has made direct efforts to attract business immigrants from abroad by establishing offices in Hong Kong and in London. In a glossy information brochure entitled *Alberta: Business Immigration Program* which was clearly designed to inform the reader of the benefits of investing in Alberta, the opening statement reads, "Alberta, Canada offers excellent business opportunities, a quality of lifestyle and room for future generations to grow and thrive" (Alberta Career Development and Employment 1990). It indicates the value of

investing in Alberta, and describes briefly how the potential immigrant can arrive in Alberta under the business immigration program.

Recent Trends in Canada's Business Immigration

According to Wong and Netting (1992: 96), in the last several years, there has been an increasing number of entrepreneurs and investors arriving in Canada, but a decreasing proportion of self–employed immigrants. They write,

> Entrepreneurs increased from 213 (14 per cent) in 1980, to 3,098 (73 per cent) in 1989. Investors increased from 5 in 1986, to 514 (or 12 percent of all business immigration) in 1989. Meanwhile, the self–employed have decreased from 1,647 (87 per cent) in 1980, to 646 (15 per cent) in 1989 (Wong and Netting 1992: 96).

These researchers argue that this trend illustrates a shift towards increasing capital concentration in Canada through the emphasis on the creation of small and medium–sized businesses (1992: 96).

In 1993,16,591 entrepreneurs, 3,346 self–employed persons, and 12,592 investors arrived in Canada (Citizenship and Immigration Canada 1994b: Schedule I). These figures represent an overall increase in business immigration compared to the previous year's figures of 15,697 entrepreneurs, 2,818 self–employed immigrants, and 9,628 investors. In 1991 there were 9,901 entrepreneurs, 1,953 self–employed immigrants, and 5,189 investors in the country. These figures are incomplete, however, without an analysis of the numbers arriving in various provinces, because, as Wong and Netting (1992: 107) suggest, "Wealthier entrepreneurs and investors have links to the global economic system so it is not surprising that they head for the more developed provinces in Canada and to the larger cities within those provinces." In 1993 the top three intended

provincial destinations, as indicated by principal applicants, were British Columbia, Ontario, and Quebec (Citizenship and Immigration Canada 1994b: Schedule IV). British Columbia received a total of 2,885 business immigrants, Ontario had 2,291, and Quebec had 1,806. Alberta was a distant fourth with a total of 555 business immigrants. In 1992, British Columbia also led the provinces in attracting business immigrants with a total of 2,149 while Quebec received 2,005 business immigrants. Ontario had 1,840 and Alberta received 422 business immigrants. In that year, 156 entrepreneurs and investors indicated that Edmonton would be their intended destination. Although data seems to indicate that Vancouver and Toronto are the preferred destinations for new arrivals (Wong and Netting 1992), it appears that Edmonton's business potential is also beginning to attract these immigrants. In fact, several of the interviewees informed me that Edmonton's favourable tax base, reasonably low land prices, and the fact that competition is not as intense compared to the West Coast, make Edmonton a favourable destination. As such, increasing numbers of new arrivals will warrant research into the social, cultural, and economic impact they have on Edmonton.

Data from the Citizenship and Immigration Canada (1994b: Schedule I) indicate that in 1993 12,592 investors in Canada brought with them in total $6,866,876. These monies were total amounts that families had available for settlement in Canada; they were funds which were either already transferred, had yet to be transferred, or those which would be in possession upon arrival. The self–employed brought $509,595, while the entrepreneurs contributed $4,593,728. These numbers are slightly higher than the previous year's figures which indicate that members of the investor, self–employed, and entrepreneur categories contributed, respectively, $4,586,721, $436,321 and $3,704,326.

Since the inception of the Business Immigration Program, the total annual transfer of capital to Canada has risen significantly (Wong and Netting 1992: 97).

In the period between 1990 and 1993 the same set of data provided by the Citizenship and Immigration Canada (1994b: Schedule VIII), indicated that the top five industries for entrepreneur involvement were in the (1) retail trade industries; (2) wholesale industries; (3) manufacturing; (4) accommodation, food and beverages service; and (5) other service industries. The same source (Citizenship and Immigration Canada 1994b: Schedule VII) indicated that between January 1986 and December 31, 1993, the top five industries in which investors made contributions with investment funds were in: (1) accommodation, food, and beverage service industries in which 3,446 jobs were created; (2) construction industries in which employment for 3,695 people was made possible; (3) manufacturing industries which employed 2,229 people; (4) finance and insurance industries which created jobs for 1,377 people; and (5) mining, quarrying and oil well industries which provided employment for 429 Canadians.

Preliminary data (Citizenship and Immigration Canada 1994b: Schedule IX) indicate that the amount of money invested in Alberta through the entrepreneur program was $6,209,995; this program saw the creation of 144 full–time and 56 part–time jobs. In the previous year in 1992, $14,054,832 was invested; 416 full–time and 233 part–time positions were created. In 1991 $13,054,846 was invested, which resulted in 288 full-time and 30 part–time jobs.

A significant portion of the business immigration to Canada is from Hong Kong. Citizenship and Immigration Canada (1994b: Schedule III) indicates that Hong Kong ranked as the number one country of last permanent residence for business immigrants in the last five years. In 1993 Taiwan and South Korea were respectively, the second and

third top source countries. Hong Kong and Taiwan accounted for 83.5% of immigrant investors; and Hong Kong, Taiwan, and South Korea accounted for 66.8% of entrepreneurs. Today, the top five source countries are, in descending order, Hong Kong, Taiwan, South Korea, Philippines, and Germany. This shift has led to what Wong and Netting (1992: 103) refer to as the "Asianization of Business Immigration." According to them, this trend is related directly to two factors:

> One is the rapid economic expansion of Asian Pacific Rim countries in the 1980s that led to significant capital formation in various parts of the world. The second is the political uncertainty in these areas. Hong Kong's capital, in anticipation of 1997, accounts for its dominance in business immigration. Political uncertainty and domestic issues in Taiwan and South Korea are also likely contributors to the increased capital emigration from those areas (Wong and Netting 1992: 103).

Thus business immigration to Canada must be understood in the context of the global economy. Not only is capital expansion compelling Asian businesses to explore opportunities abroad, but political uncertainties, with their attendant economic and social implications, have also been a cause for their emigration.

According to Wong and Netting (1992: 94), Canada is fortunate in that it does have certain attractions for foreign capital. Canada has (1) a reliable source of natural resources; (2) protectionist policies which are breaking down; (3) a built–in infrastructure of modern expertise and technology; and (4) what is perceived to be, a relatively stable economy and political structure. However, Canada's disadvantage seems to be its relatively high labour costs. Commenting on Canada's attractiveness in terms of its relative economic and political stability, Brian Milner goes as far as to write,

> At least half of the fifty richest Hong Kong families (fourteen of them in the top twenty) are known to have investments here. That's remarkable, given Canada's relative unimportance in global finance circles, and shows why political stability has become this country's most important export (1991: 52).

Even though Milner argues that Canada is relatively unimportant in financial circles, and that political stability is one of Canada's prime resources, these factors do not preclude the possibility of Canada becoming more important in a global sense. In many ways the activities of these entrepreneurs provide hope for the future, for as Milner suggests,

> From 1986 to 1990 alone, some 17, 000 business immigrants entered Canada with assets of more that $13 billion, according to federal figures. But if this country were merely a silo for the excess cash spilling out of the pockets of the world's wealthy, it would hardly be remarkable. What makes the new money intriguing is that it's moving into new fields, sowing thousands of jobs in industries that Canadian financiers considered poor risks, all of which will have a strong impact on our economy, society, politics and ultimately the way we see ourselves and the rest of the world (1991: xiv).

Thus, merely relaying data about the net worth of these individuals is simply not sufficient to gain a complete understanding of the effects of their activities in Canada.

Interestingly, my interviews seem to reveal that many of these people are entering into "new fields" of activity. For instance, several of the business people with whom I spoke were not engaged in running small inconspicuous corner grocery stores: their activities extended past the neighborhood block into areas beyond Canada's borders. Therefore, not only do they have international commercial links, but they also have experience in the global economy. Business immigrants, both old and new, are significant because their activities represent a potential for changing and restructuring the economic and social structure of this country.

THE CHANGING DEMOGRAPHICS OF IMMIGRATION IN CANADA

The changing economic and social conditions of all industrialized economies in the 1990s alter the needs of immigrant–receiving countries and represent a different set of

circumstances surrounding immigration. For instance, in the past, immigration in Canada was used to satisfy the need for an inexpensive labour force.[4] Many arrivals were often economically and politically powerless, and their cultural assimilation to the host society was the social expectation. However, for many of today's immigrants, integration into the Canadian way of life may not necessarily follow the traditional path of assimilation as they often retain some aspects of their ethnic identity and cultural experiences. Take for instance, the arrival of some individuals, from economically powerful regions such as the Pacific Rim, who offer their highly desirable entrepreneurial skills, which the Canadian government specifically requests. Their experiences and understanding of the international market place, if shared with other Canadians, has the potential to add a new dimension to business activity in Canada. Therefore, these changing conditions and expectations seem to represent a different wave of immigration into Canada. Several publications[5] have recognized these changing conditions by commenting on the striking difference between recent immigrants and the more established ones. Soo Kim, in her article *It's Tricky...Canada, The Unpromised Land,* writes that recent business immigrants, unlike an earlier generation, are "relatively successful business people who bring their capital, wealth of experience and entrepreneurial spirit" (1995: 8). According to Brian Milner, they are among the world's wealthiest individuals who represent

> ...the new money [which] is different from the fortunes that built or were built by this country—less conscious of national boundaries, more volatile. It grows with enthusiasm and vitality, unlike some of the passive remnants

[4]One example of this need was the use of Chinese men to build the railway.

[5]Although these writers make a distinction between the new wealthy business immigrants and an older generation of immigrants, which is useful for identifying the changing demographics of immigration, this approach should not discount a study of the business activities of earlier immigrants because many of these people (as my interviews reveal) are also involved in innovative endeavours both locally and internationally.

> of the old money, who can wave only helplessly at the faster, smarter competition (Milner 1991: 264).

While these perceptions of the new immigrants may provide economic hope for some Canadians, they have also fueled social tensions. There is some concern that these economically powerful immigrants are "taking over" in some way; yet as Susan Noakes writes, they are here because the Canadian government has deemed their presence to be valuable: "most Chinese immigrants are middle class people...Most have a good education and many are professional people, partly because of immigration laws that favour the well–educated" (1994:C3).

Nonetheless, the media focus on a few affluent immigrants has created the perception that large numbers of tycoons are entering Canada and "taking over." For example, the media have reported that recent immigrants arriving in Vancouver are purchasing property in older neighborhoods and building oversize houses on their lots. The media report that many residents feel that recent immigrants are "transforming" their neighborhoods, and not for the better. Wong and Netting (1992: 115–117) identify several publications[6] which have fueled this unease by portraying Hong Kong as a place driven by greed and motivated only by the objective to make money, and through discussions of the possible foreign control of Canada. Wong and Netting write,

> ...while purporting to educate, each book in fact disseminates a specific view of Chinese business immigration....even the positive arguments may

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[6]These include: Margaret Cannon's *China Tide: The Revealing Story of the Hong Kong Exodus to Canada* (1989) which, according to Wong and Netting, reveals the most anti–Chinese sentiment, and Donald Gutstein's *The New Landlords* (1990) which constructs an argument that rampant land investment by the Chinese is harmful to Canadians. In contrast, John DeMont and Thomas Fennell's *Hong Kong Money* (1989) favours the presence of Chinese business immigrants, portraying them as intelligent and tireless innovators and developers, and Michael Goldberg's *The Chinese Connection* (1985) reveals that the Chinese desire to own land, their strong family ties, their business ability, and their desire for a good education are invaluable to Canadians. The last two publications may see the Chinese in a more favourable light, but they nonetheless also create tensions by fueling the perception that these individuals bring more change than desired (Wong and Netting 1992: 117).

> promote anti–Chinese feeling by convincing some readers that the Chinese have values different from their own, or by suggesting that the Chinese will eventually outperform Canadians in the capitalist arena (1992: 117).

These perceptions tend to fuel racial tensions, as people view business immigrants as economic competitors.

These issues challenge traditional assumptions about the role of immigration in Canada; but if these tensions are to be properly remedied, then Canadians must re–examine what it means to be a Canadian, and acknowledge that many business immigrants are indeed Canadian citizens. Canadians will need to avoid the simplistic notion that these people are outsiders who are haphazardly changing the community; instead, they must realize that the world is changing and attempt to understand immigration within this context. As such, the changes occurring in Canada are part of a process of social and economic renewal which, in many ways, is being facilitated by business immigrants who are connecting Canadians to the ever–changing world.

Beyond the Economics of Immigration

One way to begin this reconsideration of immigration is to recognize that the benefits of immigration extend beyond economics. Canadian expectations of immigration, and for that matter the expectations of most advanced industrial economies, are often couched in terms of economic productivity. This economic focus is reflected through national concerns for increasing standards of living, material prosperity, and ensuring high levels of gross national product and gross domestic products. These concerns tend to lead to the measurement of the merits of immigration in specific dollar terms. For example, the proponents of immigration often argue that immigration is

beneficial because increases in immigration are necessary to exploit all the advantages of a large domestic market, thereby increasing per capita incomes. Additionally, a fast growth in population size is advantageous for creating a younger, more flexible workforce. Furthermore, immigration is also deemed to be beneficial because it can create a larger consumer base. Soo Kim writes,

> The business immigrant brings more than just their wealth of capital and experience and entrepreneurial spirit. They add significantly to a much needed consumer base and will most likely drive the Canadian economy into the 21st century (1995: 8).

However, these evaluations are incomplete. Peter S. Li argues that there are in fact two basic constraints currently preventing people from properly assessing the merits of immigration:

> First, policies and debates related to immigration are often influenced by public sentiments and less by facts. Often these sentiments reflect an element of ethnocentrism that projects immigrants as economically and socially threatening. This is especially true in economic hard times, when immigrants are more likely to be blamed for various social maladies. The public debate on immigration is further complicated by racial considerations about the potential impact on non-white immigrants...Second, estimates of the costs and benefits of immigration are often limited by imprecise mechanical models and weak theories, resulting in mainly mechanical models of prediction that seek to calculate the monetary value of immigrants but fail to consider the need for immigrant labour for capitalist development (1992a: 145–146).

Li's first argument seems to prevail today. Canadians are presently suffering through a weak economy, and relatively high unemployment period, causing a vocal minority to question the role of immigration in Canada. These people embrace the notion that immigrants negatively influence the country, and have called for restriction upon the numbers and types of immigration in Canada. They claim to view immigration strictly from an economic standpoint, and believe that immigration policies should focus primarily on economic entry criteria. Ironically, however, current immigration policies

do focus on the economic contributions that immigrants bring to Canada. For instance, Immigration Minister Sergio Marchi just recently re–emphasized the focus on economic immigration to Canada (Greenspon 1994).

Li's second concern with the inaccuracy of economic models of immigration also seems to continue today. There seems to be a persistent attitude that the economic gains from immigration are limited; and as such, immigration levels should be lowered. Li suggests that the focus of the problem should not be on the limited economic gains from immigration; but rather on the methodological data gathering approach used to generate such figures. He argues that academic writing, which focuses on economic models to measure the effects of immigration on per capita change in GDP or income as a result of population increases from immigration, do not adequately represent reality. Therefore, he suggests that as an alternative, researchers need to examine immigrant activities in social context:

> ...models of estimating economic efficiency or changes in per capita income from population size provide distorted assessments of immigrants' economic contributions, and that, at the very least, the quality of immigrants has to be taken into account (1992a: 160).

Li uses this approach to explain that Canada would have experienced a serious shortage of professional and skilled people, and consequently an economic shrinkage, if immigration had not replaced the loss of professionals to the United States during the 1960s and 1980s (Li 1992a: 160). For this reason, he argues that we must examine the economic and social context in which immigrants arrive and the quality of human resources that they bring.

Consequently, researchers cannot merely examine the economic contributions that immigrants make to a country. It is important to examine the social context of their

economic behaviour in order to determine the human and economic value of their activities. In this way we can examine the implications they have for other areas of Canadian life. In a broader sense, we can ask, what relationships do these individuals have with the society at large? Do immigrant entrepreneurs have a role in affecting the social and economic renewal of this country? I will examine the possibilities of this issue in the next section.

BUSINESS IMMIGRATION AND THE RENEWAL OF CANADA

There is little doubt that on the whole business immigration has introduced some relatively new economic innovations to Canada. One newspaper article reveals that immigrants have helped "buoy economies in Toronto and Vancouver and add dynamism to the established culture [and have] helped Canadian firms extend their reach into burgeoning economies of Southeast Asia...to develop export markets" (Noakes 1994: C3). However, more importantly, their activities can also be seen as a part of a process of cultural renewal involving cultural integration issues.

There are two basic theories in the existing literature regarding the cultural adaptation process experienced by immigrants. These involve processes of cultural assimilation and cultural pluralism (Morawska 1990: 189). Assimilation involves the complete acculturation of the immigrant, and is based on assumptions of achieving national unity through cultural homogeneity and the elimination of ethnic boundaries; while the pluralistic ideology holds that ethnic diversity or heterogeneity is an important facet of national life (Kim and Hurh 1993: 696). One problem with the existing approaches to studies of immigration, argue Kim and Hurh, is the fact that researchers

often treat these two processes as being mutually exclusive. Instead, Kim and Hurh suggest that immigrants are often engaged in both of these processes in order to achieve cultural integration with the host society. They refer to this dual process as the non–zero sum process, or additive process. They argue that immigrants engage in Americanization,[7] as they call assimilation; but also retain parts of their ethnic identity.

I suggest that through this dual process, immigrants are able to contribute to the cultural renewal of Canada. They integrate into Canadian life through their participation in the various Canadian political, educational, and economic institutions. They often learn the English language in hopes that they will become more actively involved in Canadian life. Additionally, they possess some values which are similar to those often deemed to be uniquely Canadian. For example, Susan Noakes writes, "Hard–working, eager to get ahead and devoted to family, the Chinese are the quintessential Canadian immigrants" (Noakes 1994: C3). Noakes' comment that the Chinese are "the quintessential immigrants" reveals, that in many ways, the Chinese possess values and beliefs which are considered to be just as desirable by Canadians. Although business immigrants may appear to act differently, they can embody the same values which are cherished by other Canadians. Sue Joel, the person responsible for international business development in Metro Toronto, in an interview with Susan Noakes says, "The Chinese bring with them strong family values that Canadians may need to renew...They have done a lot in terms of showing us an attractive work ethic" (Joel, quoted in Noakes 1994: C3). Thus, immigrants, in many ways, can bring values, ideas, and beliefs which help to reaffirm the Canadian value system.

[7]Their study was conducted in the United States, hence the reference to assimilation as Americanization.

Simultaneously, immigrants can also add on another dimension to what it means to be Canadian. By retaining some of their ethnic relations and values, and by introducing new ways of doing things such as introducing new export markets for Canadian firms, they have the ability to change some aspects of the Canadian way of life. So, not only do immigrants engage in the process of cultural adaptation, but in a broader sense, Canadians can also engage in this process when they embrace new ideas, values, and activities brought by immigrants. Thus, stability and change, which business immigration can introduce, are all part of the process of cultural renewal in Canada.

Therefore, immigrants do not necessarily destroy the Canadian identity or the Canadian value system because by introducing new elements, they have the potential to renew and replace it. Interestingly, Wong and Netting write that

> ...business immigrants have many qualities that Canadians value: Willingness to work hard, perseverance through hardship, and keen competitiveness. Yet, paradoxically, this competitiveness also threatens Canadians and...is viewed as excessive and narrow (1992: 115).

Thus, according to these researchers, a dialectical relationship seems to exists between these immigrants and other Canadians. Business immigrants possess values which are deemed desirable, yet they also seem to threaten Canadians.

In this way, immigrants need to be understood as Canadians who contribute more that just economic value. They are Canadian citizens, actively participating in the process of creating the Canadian identity. For this reason, I would not argue, as Wong and Netting have that "By creating small and medium-sized businesses, the entrepreneurs and investors are supplementing the declining petit bourgeoisie and to a lesser extent the capitalist class in Canada" (1992: 110). My contention is that they are more than merely supplementing the capitalist class; they are engaged in a process of rejuvenating

capitalism itself. They are fueling the capitalist spirit; but not necessarily capitalism as we once knew it, but the spirit of post–industrial capitalism, in which entrepreneurial skills are necessary.

Brian Milner (1991) in his book entitled *The Hidden Establishment* provides one of the first works in Canada to examine the activities of business immigrants beyond their economic significance. He clearly states that his research is not a definitive book on immigrants or wealthy newcomers, but it is an attempt to place their activities within the Canadian economic and social context.

Milner provides a starting point for the analysis of business immigration in Canada by recognizing the potential that these people have for the future of Canada. He notes that Canadians, old and new, "share the same dream...of carving out a place for themselves and their families out of good, solid Canadian [illegible]k" (1991: 58). However, he recognizes that many business immigrants are not seen in this light. Hence, his reference to the new business immigrants as being a part of the "hidden establishment" in Canada. On one hand, they are, by the nature of their activities, a part of the existing structure and are actively participating in it. Yet, on the other, there seems to be little recognition of their significance to the future of Canada as Canadian citizens. They are not perceived to be a part of the old establishment because they have not attended Upper Canada College, do not belong to the same social clubs, and do not share the same set of networks; but Milner writes, "the hidden establishment is growing steadily and vigorously; and before long their children, Canadian–born and –bred, will be considerably less hidden and a lot more established" (1991: xviii). Milner's work is significant in identifying the processual nature of this social development in Canada.

He is also one of the first researchers to view business immigrants as true entrepreneurs capable of innovative business activity. He writes,

> Some of them move with eggshell caution, fearful of making unnecessary waves, but they each have an enormous capacity to shape a different future not only for themselves, but the rest of us as well. These people bring not just huge piles of money but remarkable energy, drive, and indispensable international connections to the Canadian table (Milner 199: xvii).

In this way, Milner recognizes the significance of these entrepreneurs in renewing the Canadian economy. Thus, Milner is hopeful for the future as he writes,

> With plenty to prove to themselves and to us, the members of the hidden establishment may, in fact, be our last hope of turning into an economic force for the next century, instead of the neglected backwater we seem doomed to become on our present course, a farm team for the major–league players elsewhere (Milner 1991: 264-265).

Milner's work provides a useful basis for identifying the general social and economic outcomes of business immigrant activities in Canada and for describing a future scenario in which business immigrants can play a leading role. However, his work does not provide an understanding of how these outcomes come about. For this reason, the rest of this thesis will examine the role of the entrepreneur in processes of socio–economic development using Schumpeter's model of entrepreneurship and development.

THREE

Literature Review

ENTREPRENEURSHIP DEFINED

The first part of this chapter will describe the economic and non–economic approaches that have been undertaken in entrepreneurship research. It will introduce the work of Joseph A. Schumpeter (1961[1934]) whose insights are significant because they provide a holistic approach to the entrepreneurial process and offer a unique perspective to the study of the innovative skill of the entrepreneur. The second part of this chapter will examine existing sociocultural theories of entrepreneurship, in which studies of ethnic entrepreneurs are often found. The last part of this chapter will provide a discussion of some of the theoretical and methodological difficulties in existing ethnic entrepreneurship research.

Although there are numerous approaches to entrepreneurship research, the consideration that entrepreneurship involves "the process of endowing resources with new wealth–producing capacity" seems to be a consistent theme among all studies such that entrepreneurship can generally be perceived as the process of "extracting profits from new, unique, and valuable combinations of resources in an uncertain and ambiguous

environment" (Amit et al. 1993: 816). More specifically, Raymond Kao has suggested that "Entrepreneurship is a process of making changes, thereby creating wealth and adding value...and the entrepreneur is a person who undertakes wealth creation and the value adding process, through incubating ideas, assembling resources and making it happen" (Kao 1993: 5). Therefore, for the purpose of this project, entrepreneurs are people who are responsible for putting resources and information together in new combinations.

Thus, they operate within a cultural milieu which may shape their approach to new business ventures by creating an environment conducive to perceiving such start-ups. Entrepreneurs operate in a cultural environment which they themselves may perceive as being favourable or unfavorable to new venture creation.[1] Usually, entrepreneurs are not concerned with price competition; but instead are interested in pre-empting competition by developing new services and products, or creating new methods of production and distribution.

Entrepreneurs not only see (1) society's social structure as it is, but also as it might be; and (2) are able to translate that vision into reality. Consequently, entrepreneurship involves more than merely the recognition of an opportunity, but also the creation of new enterprise. Entrepreneurs "perceive profit opportunities and initiate action to fill currently unsatisfied needs or to do more efficiently what is already being done" (Amit et al 1993: 817). According to Amit et al.,

> Entrepreneurs are individuals who innovate, identify and create business opportunities, assemble and coordinate new combinations of resources to extract profit from their innovations in an uncertain environment....[they]

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[1] been suggested that an entrepreneur's cultural background will influence his or her ability to perceive opportunities in the new environment (Dana 1.

> are leaders and major contributors to the process of creative destruction (1993: 817).

Thus, entrepreneurship is a process of recombining resources, either existing ones or new ones.

Although these definitions seem relatively straight forward and concise, in reality entrepreneurs are much more difficult to actually identify. Consequently, social scientists of various disciplines have had difficulty achieving theoretical consensus in studying these entrepreneurs. One serious problem is the lack of consensus about who the entrepreneur is or what the entrepreneurship process involves. This lack of consensus has often been compared to the fable of the blind men and the elephant (Greenfield, Strickon, Aubey, and Rothstein 1979; Kilby 1971). We are told in this tale about the efforts of three blind men who are asked to describe an elephant, but each feel a different part of the elephant. Thus, while being unable to see the whole, each man attempts to describe the part which he can touch. According to Greenfield and Strickon (1986: 4), the man in the front, near the trunk, represents it as something long and mobile like a snake. The man near the side describes it as thick and sturdy like a wall. And so it goes, with each attempting to represent the whole in terms of the limited part he has accesses. While each is correct with respect to the part of the elephant, each is also incorrect with respect to the much larger whole. Similarly, while detailed studies have been conducted on the psychological, sociological, and economic determinants of the entrepreneurship process, few studies are complete enough to provide a true holistic understanding of who the entrepreneur is and what the entrepreneurial process entails. In order to understand these numerous, yet not necessarily contradictory views, and perhaps to arrive at a consensus of

understanding of entrepreneurship, we must return to the history of entrepreneurship studies.

THE HISTORY OF ENTREPRENEURSHIP RESEARCH: EARLY ECONOMIC STUDIES

Traditionally, entrepreneurship was studied by the equilibrium–oriented neoclassical economists. In this tradition, "the entrepreneur was an abstract figure assumed to be unaffected by influences external to the rational operation of the firm he directed" (Greenfield and Strickon 1986: 5). Although Adam Smith's writings did contain a framework for investigating the decisions and choices of the individual as they maintained and changed the socio–cultural context, neoclassical economists generally remained uninterested in the implications of this framework for change (Greenfield and Strickon 1986: 5). Neoclassical economists were primarily interested in the institutional processes and arrangements that maintained states of equilibrium in the market; that is, individual decisions within the market were assumed to be rationally motivated based on the idea that individual actions were aimed at maintaining levels of equilibrium. According to Greenfield and Strickon, "Their interests were more in economic decisions as they contributed to the maintenance of equilibrium states than in the role individuals played in the creation of new states" (1981: 468).

Consequently, entrepreneurship has still been largely excluded from modern microeconomic theory because of the conceptual difficulties with studying the entrepreneur, as an agent of change and uncertainty, within a framework which assumes perfect information and the efficient allocation of resources (Greenfield et al. 1979: 4).

And even with the recognition that markets are continually being pushed away from equilibrium by changes, microeconomists are limited to understanding entrepreneurs as individuals who bring the system back to equilibrium by efficiently allocating resources which were not originally so arranged. Therefore, the value of entrepreneurship for microeconomists is the entrepreneur's ability to correct inefficient uses of resources (Greenfield and Strickon 1986).

Nevertheless, research does exist which places the human agent at the centre of the economic process. Joseph A. Schumpeter, a scholar with a sociological background, was the first economist to reconceptualize the individual and the economic system, and "made him [the entrepreneur] the focal point and key to the dynamic of economic development and growth" (Greenfield and Strickon 1986: 5). Schumpeter provided an alternative to the equilibrium theories of economic process. As a result of Schumpeter's work in 1934,[2] a line of research developed which focused on the individual and his role in the process of economic and social change. According to Schumpeter, "entrepreneurship and the entrepreneur are the means by which the economy and society can be transformed and improved" (Schumpeter, quoted in Greenfield et al. 1979: 6). Furthermore, Schumpeter envisioned this transformation or economic development as part of the total social reality. For Schumpeter, social processes were a single, indivisible whole out of which researchers artificially extracted categories or facts labeled as economics or politics (Greenfield and Strickon 1981: 469).

Unlike classical economics, the Schumpeterian model of the economic process holds that development is the carrying out of new combinations of materials which disturb present levels of equilibrium; this disruption is characteristic of all capitalist

[2]The original publication date of *The Theory of Economic Development*.

systems (Schumpeter 1961[1934]: 66). This disruption is brought about by entrepreneurs who carry out new processes, and are thus instrumental in transforming and improving the economy and society. They are individuals who are viewed as decision makers; and given that social reality is an integrated whole, they are individuals who make choices and decisions in a variety of social, political, and economic contexts. The context which was the focus of Schumpeter's study was, of course, the economic context in which new economic combinations and development arose; but because these entrepreneurs operate in a multiplicity of situations, non–economic behaviour was also considered in this process (Greenfield et al. 1979: 6). Non-economic behaviour was also considered because Schumpeter argued that the ultimate explanation of economic development, and of societal advancement, could be found in non–economic factors brought into play through the entrepreneur's innovation and creative destruction; a process involving the displacement of old methods of combining materials and labor for production (Greenfield et al. 1979: 6).

As formulated by Schumpeter, the objects of entrepreneurial investigation were individuals in the industrialized, market–organized societies of the Western world. The goal of his research was to find out how entrepreneurs contributed to the past growth of those economies, and to formulate models for the future growth of the societies that had been the traditional subjects of economic and other scholarly investigation. Schumpeter's approach recognized that as agents of change, "energized entrepreneurs appear in the traditional economy and set in motion a revolutionary process of creative destruction which transform production functions entirely" (Mackie 1992: 46).

But while Schumpeter was able to explain how change was brought about in society, he did not elaborate on the concept of entrepreneurship itself. Greenfield et al. write,

> By defining the entrepreneur as an innovator, Schumpeter had answered the question of how new combinations that disturb a system in equilibrium are brought about. The new entrepreneurs of interest to him, however, were but a small minority: those whose innovations improved society through its transformation. They were the innovators of progressive change. Unfortunately, however, he could not pursue the other questions that followed logically from his definition of the entrepreneur as the innovator of progressive change. Who, for example, are entrepreneurs? Is it possible to differentiate between their functions and their characteristics as individual? How can they be recognized and studied with greater precision?...Which groups within society are most likely to produce entrepreneurs, and why? (Greenfield et al. 1979:7)

Thus it was Schumpeter who initially introduced the lasting significance of entrepreneurship which compelled many non–economists to explore these related issues; but subsequently the field of entrepreneurship came to be dominated by more historical, sociological, and psychological research (Greenfield et al. 1979). Attention shifted away from the function of entrepreneurship in economic growth to the psychological characteristics and social conditions which influenced the entrepreneur.

For Schumpeter and his followers, the focus of entrepreneurial research was on entrepreneurs in industrial market organized societies of the Western world; the goal of research was to determine how entrepreneurs contributed to the past growth of those economies, and to formulate models for the future growth of those societies. However, for several reasons, especially political ones, "the new, mostly underdeveloped nations of the non–Western world came to replace Western Europe and the United States as subjects for postwar studies of economists and other scholars interested in growth and development" (Greenfield et al. 1979: 9). Although the emphasis was still on economic

growth, it was not on the type of growth that Schumpeter had envisioned. Schumpeter's conceptualization was of an industrialized society moving towards new equilibrium states in a path towards progress. but the new conceptualization focused "underdeveloped" societies and their attempts to develop a Western-style advanced economy.

Additionally, Greenfield and Strickon identify a number of other changes in research during this time (1981: 471). While Schumpeter's studies of economic growth focused on the movement of economies from known states to unknown ones in the future; the new focus did not allow for pre–industrial, often non–market economies to be studied in their own right. The assumption was that non–market economies were being left behind in the linear path towards development, and thus research was to be directed at bringing these societies to Western economic levels. Given this conceptualization, the research question was "How could the development process best be brought about? and How could the people of developing nations be made to do what was necessary to move their institutions along the path of modernization?" (Greenfield and Strickon 1981: 471) As such, Greenfield and Strickon (1981: 472) found that studies were becoming more historical, psychological, and sociological than economic in nature in their search for the answer; and the task was no longer to develop a model of economic process, but rather to convince and motivate people to follow the modernization example set by the West. Consequently, entrepreneurship research, directed by more non–economic paradigms, came to focus on the creation of a entrepreneurial supply in underdeveloped economies.

CURRENT APPROACHES TO ENTREPRENEURSHIP RESEARCH: NON-ECONOMIC STUDIES

This section will examine the major theoretical approaches of entrepreneurship research, and discuss the most prominent empirical studies to date. This examination will consider studies undertaken in psychology, sociology, network theory, and population ecology studies. It is difficult to isolate each of these approaches completely, as they naturally overlap; but for the purpose of conceptual ease, I will try to provide a discussion of each of these rather separate approaches. In general, sociologists have tended to examine the social context which compel individuals to engage in entrepreneurial activities, while psychologists have tended to look at the personal characteristics which affect the rate and success of entrepreneurial activities. Additionally, anthropologists have studied the role of the entrepreneur in culture change.[3]

As previously mentioned, one problem that seems to prevail in entrepreneurship research is the lack of an integrative framework. However, Amit et al. (1993) borrow from Low and McMillam (1988), to provide a rather comprehensive review of recent approaches in entrepreneurship research. According to Amit et al. (1993), entrepreneurship research has been designed to do one of three things: (1) to explain entrepreneurial behaviour; (2) to predict entrepreneurial behaviour; and (3) to provide normative data (give advice on what to do) about entrepreneurial activity. Furthermore, they suggest that each of these purposes is accompanied by its respective theoretical orientations. Explanatory research tends to be guided by a sociocultural and a psychological perspective; research attempting to predict entrepreneurial behaviour is

[3]Anthropological considerations will be dealt with in more detail in the following chapter.

often directed by network theory approaches; while, normative endeavors usually follow perspectives based on more formal economic models or population ecology models.

The Psychological Perspective

Cunningham and Lischeron (1990) note that numerous studies have been conducted on the psychology of the entrepreneur. They write,

> Some stories define the entrepreneur as unethical, corrupt, ruthless, and as having no conscience...Other portrayals are of an intensively individualistic, independent, self-reliant and non-conforming person...Yet, others view this person as a creator/inventor/designer who is essentially inept socially and often more extra-terrestrial than bound by the world of reality (Cunningham and Lischeron 1990: 46).

Research focusing on the psychological characteristics of entrepreneurs has its beginnings in David C. McClelland's (1971[1961]) work on the successful entrepreneur's high need for achievement. Other psychological work has identified three other main characteristics as key personality traits of entrepreneurs: (1) internal locus of control; (2) high risk-taking propensity; and (3) tolerance for ambiguity. Other elements which have been identified in research include experience, role models, education, and age.

The individual or the entrepreneur is the independent variable in these studies, who is often assumed to possess certain characteristics or personality traits that compel him or her to take risks to start a new venture. These traits are then correlated with the success of entrepreneurial performance. Often external factors such as the socialization process are also included in these studies.

The Sociological Perspective

Personality has an important impact on an individual's decision to pursue new venture opportunities, but it is not the only factor to consider in the entrepreneurial equation. Therefore, studies in sociology direct their attention to the study of the social context which impact decisions to engage in entrepreneurial activity. Paul Reynolds (1991) notes that recent sociological studies have focused on several variables that affect entrepreneurial behaviour, such as life course stage, social networks and group behaviour, organizational population, and ethnic identity.

The sociological perspective attempts to account for the social pressures that condition groups or individuals for small business activity. According to Amit et al. (1993: 820), "Social/cultural theories conclude that there must be congruence between ideological constructs and economic behaviour if entrepreneurship is to flourish." Furthermore, they have indicated that research in this area ranges from models of entrepreneurship as a means by which disadvantaged minorities seek to alter the status quo, to models which view entrepreneurs as decision–makers operating within specific social and cultural settings.

One of the earliest approaches to the analysis of entrepreneurship at the group level was conducted by Everett E. Hagen (1971[1963]) who focused on disadvantaged minorities in complex societies. He argued that the members of marginal, usually disadvantaged groups who have experienced a "withdrawal of status respect" (Hagen 1971[1963]:135) contribute disproportionately to the supply of entrepreneurship.[4] These

[4]Hagen cites the Old Believers of Russia in the 1800s, the Tokugawa of Japan in the 1600s, and the Antioqueños in Columbia during the 1530s as examples of this.

individuals are seen as often being disadvantaged, and often compensate for their situation by successfully pursuing business opportunities. According to Hagen (1971[1963]), the entrepreneur is often seen as a deviant from established norms and cultural patterns of society at large because he is a member of a group that has lost economic and social status. Greenfield and Strickon note that "The essence of the argument is that the loss of status by his group leads to the breakdown in the authority of the family, which in turn promotes individual and self-reliance, which then favors innovation and entrepreneurial activity" (1981: 474). Similarly, Kilby (1971: 14) notes that Bert Hoselitz's in "A Sociological Approach to Economic Development" (1964) recognized the importance of culturally margin groups in promoting economic development because it hypothesized that "marginal men, because of their ambiguous position from a cultural or social standpoint, are peculiarly suited to make creative adjustments in situations of change and, in the course of this adjustment process, to develop genuine innovations in social behaviour."

In more recent sociological studies, according to Amit et al. (1993), Hofstede (1980) has identified differences in entrepreneurial patterns across countries, and has sought to understand them in terms of four underlying cultural dimensions. His findings indicate that (1) management of inequality among people; (2) individualism; (3) uncertainty avoidance; and (4) the allocation of roles between sexes, are significant criteria for determining the rate and success of entrepreneurship (Hofstede, in Amit et al. 1993: 820). Amit et al. suggest that in Hofstede's approach, "Entrepreneurs have a tolerance for inequality; they will favour individual rather than collective action; they are prepared to take risks; and they tend to have a highly 'masculine' orientation" (Amit et al. 1993: 820).

The Network Theory Approach

According to Amit et al. (1993), an alternate approach to entrepreneurship research involves the study of networks and the density, reachability, and centrality of these networks. Networks are made of strong ties (close friends and family) and weak ties (acquaintances). Networks in the starting–up process have five functions: (1) they facilitate the transformation of an idea into a realistic plan; (2) they increase aspirations; (3) they stimulate ideas; (4) they provide practical help; and (5) they give support (Amit et al. 1993: 822). Various studies have been conducted to determine how the density, reachability, and centrality of networks affect the outcome of these functions. Amit et al. (1993: 822) define these conditions in the following manner: network density is defined as the extensiveness of ties between people, measured by comparing the total number of ties to the potential number that would occur if everyone in the network were connected to everyone else: network reachability measures the scope of network by counting how many intermediaries are contacted to link the entrepreneur indirectly to someone else; and network centrality is a measure of how centrally positioned the individual is within the network.

The Population Ecology Approach

Population ecology, based on the natural sciences, is a relatively recent approach to entrepreneurship studies. According to Amit et al., this approach views the ability of organizations to adapt to change as a dominant organizational characteristic and suggests

that those organizations which are well adapted to their environments will survive, while those that are not will die (1993: 823). In applying this theory to entrepreneurship, Greenfield and Strickon (1986) argue that contemporary models in social science research are static and therefore incapable of explaining the dynamism of entrepreneurship. They propose using this new paradigm, which originates in Darwinian theory, because it recognizes a diversity of behaviour within which adaptive organizations are selected for and inadaptive ones are selected against. For example within the range of possible behaviour, there are those innovative and creative entrepreneurial acts which are adaptive and deemed to be successful. If they are successful, then they will be copied and repeated by others; and consequently will no longer be an innovation but rather an institution. By Amit et al.'s standards (1993: 823), a great challenge of the population ecology perspective is to predict the environmental circumstances that would lead to the growth of entrepreneurial firms; and they also question the extent to which entrepreneurial success is determined by the environment rather than the skill and ingenuity and decisions of the entrepreneur.

In summary of these various approaches, Wilken (1977: 4) provides a useful discussion of the different methodological approaches undertaken:

> Economists have usually played down the significance of entrepreneurship and have emphasized the economic conditions promoting its emergence, and concomitantly, the occurrence of economic growth and development....Therefore economists can be described as generally viewing entrepreneurship as a *dependent* variable.
>
> Noneconomists, particularly sociologists and psychologists, have taken the opposite position. For them, and for those economists who allocate more significance to the impact of noneconomic factors on economic processes, entrepreneurship constitutes a significant *independent* variable. Schumpeter (1961), as we shall note later, visualized the entrepreneur as the key figure in economic development because of his role in introducing innovations (Wilken 1977: 4).

Given these various approaches to entrepreneurship research, we now turn to the place of ethnic entrepreneur or business immigrant research in these studies. The next section will examine the various approaches undertaken in this area.

ETHNIC ENTREPRENEURSHIP

There seems to be a growing recognition among scholars of entrepreneurship that some ethnic groups tend to engage in self–employment, particularly in trade and commerce, more than other ethnic groups or native members of the host society. Ethnic entrepreneurs are a unique phenomenon to researchers because, not only must they be studied from a psychological perspective, but an understanding of their cultural backgrounds and the new cultural environment to which they have emigrated are necessary. For example, Dana writes, "The study of immigrant entrepreneurs is complex due to the interaction of the individual and societal variables, including factors which are functions of the host society as well as the entrepreneur's country of origin and culture" (1993: 17). In essence, there are two fields of study involved in this research: immigration and entrepreneurship. For example, Dana writes, "When studying immigrant entrepreneurs, one quickly learns that what may be perceived as an opportunity in one culture may not constitute an opportunity for somebody conditioned in another culture" (1993: 17). Thus, cross–cultural issues found in immigration studies play a role in this research. Therefore, a thorough understanding of immigrant entrepreneurship requires a synthesis of a number of areas of study; and it is in this way that a holistic anthropological perspective is well-suited to this research.

Generally, ethnic enterprise is "the characteristic of some ethnic minorities to sustain in certain small business typically located in a limited number of industries such as retailing, and food and other services" (Li 1992b: 121). Earlier studies identified a number of ethnic groups around the world which have occupied similar positions in enterprise:

> Among these are Jew in Europe (perhaps the epitome of the form), the Chinese in Southeast Asia, Asians in East Africa, Parsis in India, Japanese and Greeks in the United States (Bonacich 1973: 583).

Similarly, Greenfield and Strickon identify the following groups,

> The Dissenters in England, the Protestants in France, the Samurais in Japan, the Jews in many countries, and the Parsis in India are just a few of the more notable examples that come to mind (Greenfield and Strickon 1981: 473).

Research questions which guided these studies tended to focus on answering questions related to the supply of entrepreneurs in a given location. Research questions often asked: Why do these immigrants so frequently engage in business activities? What conditions make them enter into independent businesses operations? and What are the variables that make them successful? Much of the literature in this area has been conducted by sociologists and psychologists who have examined the impact of the social context and cultural values on the decisions of these individuals to pursue entrepreneurial avenues of activities.

Researchers during the 1980s, such as Cobas (1986) and Light (1984), suggested that this concentration was significant because of the relative decrease in self–employment among natives in advanced industrial societies. Similarly, Li found that ethnic enterprise was significant because it arose at a time "when small business in advanced capitalist economies is increasingly threatened by failures" (1992b: 121).

Therefore, much of the earlier research in this area tended to focus on determining the factors which made minorities concentrate in small business. Subsequent research extended these attempts to explain the reasons for the remarkable success of some of these business people. Today, much of the research has been concentrated on explaining the variation in the rate of business activity by various ethnic groups. In all of these approaches, entrepreneurship is the independent variable as researchers intended to identify the causal antecedents to the high rate and success of entrepreneurship among some ethnic minorities.

Cobas (1986) identifies essentially five general theories which researchers have focused on to explain the predominance of ethnic enterprise. They are: (1) the blocked mobility thesis; (2) the middleman minority theory; (3) the sojourning hypothesis; (4) a cultural tradition in business; and (5) the ethnic enclave theory. Additionally research examining the reasons for ethnic enterprise success has found that (1) the transplantation of cultural knowledge; and (2) a cultural tradition in business are conducive to commercial success. More recently, several scholars have combined the two issues of entrepreneurial supply and success in their research.

The Blocked Mobility Thesis

The first theory is the blocked mobility thesis which examines the disadvantages that ethnic minorities face in the labour market of the host society after the migration experience.[5] This explanation suggests that variables such as language barriers, lack of recognized professional and other educational credentials, and discrimination by

[5]This approach is based on Hagen's theory (1971[1963]) which views entrepreneurs as social underdogs.

members of the host population prevent immigrants from pursuing regular avenues of economic and social mobility. This discrimination and disadvantage prevent immigrants from participating in desirable occupations in the mainstream; and consequently, they are forced to make a living in peripheral or marginal activities which include small business activities. For example, Ward and Jenkins write,

> Discrimination by majority society restricts minority access to political power and social status, so group members turn to the business sphere as a means of furthering personal ambition. Racial disadvantage becomes ethnic advantage (1984: 193).

Thus, it has been suggested that immigrants turn to small business activities (i.e., the corner grocery store) because these occupations serve smaller market niches which require little skill, technical expertise, or specialized training (Cobas 1986: 103). The thrust of this approach is that discrimination compels ethnic minorities to concentrate in peripheral activities of business (Li 1992b: 121).

However, there are some difficulties with this approach. These studies were conducted in specific social and historical contexts. One can no longer merely assume that immigrant entrepreneurship is a career by default which only manifests in the creation of inconspicuous corner groceries. This model does not explain the activities of today's Chinese immigrant entrepreneurs from the Pacific Rim, who are involved in business activities by choice, and who are engaged in innovative small, medium, and large-scale investments. In fact, some business people have moved or are moving out of the confines of traditional Chinatown business, and into economic activities based on new technology and other value-added services (Milner 1991). Additionally, the blocked mobility thesis does not account for access gained into the mainstream over time. Many ethnic entrepreneurs have become very successful and wealthy as their business pursuits

extend into the mainstream over time. Take for instance, the activities of rise of the Reichmans or the Ghermezians (who own West Edmonton Mall), or Tom Bata in Canada (Milner 1991: xvii).

The Middleman Minority Theory

Another approach for the explanation of ethnic business is the middleman minority theory which focuses on "the nature of the societies" into which immigrants migrate. In societies which have distinct 'status gaps' between the elite and the masses, such as feudal or colonial societies, ethnic minorities are seen as filling the economic and social gap between the elite and the masses. Because they are not initially concerned with social status in their new surrounding society, they are free to openly trade or deal with anyone. As such, they act as buffers for elites, bearing the brunt of hostility of the masses. Therefore, business immigrants operate in an intermediate economic and social position in the new host society and plug the status gaps between the elites and masses.

According to this theory ethnic entrepreneurs are viewed as commercial intermediaries. They are identified by their immigration experience, and the fact that they belong to a visible minority.[6] The characteristic trait of middlemen minorities is that they occupy a unique economic role in the social structure of the host society. Proponents of this approach suggest that ethnic entrepreneurs occupy intermediate, rather than low-status positions in areas of trade and commerce in which they act as labour

[6]Ethnic entrepreneurs may not regard themselves as formally belonging to a ethnic community; but because they tend to be categorized into this community by outsiders, they will be deemed to be members of this group for the purposes of this study.

contractors, rent collectors, money lenders, and brokers. In this position, they often play an intermediate role between the producer and consumer. However, as Bonacich notes,

> But it is clear these groups persist beyond the status gap. One finds then in post–colonial societies, after the elites have gone (e.g. the Chinese in Southeast Asia, Asians in East Africa, Parsis in India). And one finds them in modern industrial societies (e.g. the Indians in Britain, Jews in 20th century Germany, Chinese in New Zealand, Japanese in the United States) (1973: 584).

Thus, the middleman minority theory in itself has not provided an adequate explanation of the ethnic entrepreneur.[7]

The Sojourner Hypothesis

An alternative to the previous approach is provided by Bonacich's (1973) sojourner hypothesis. She suggests that some immigrant groups have a higher proportion of members in business because they do not intend to settle permanently in the host society. The main reason for migrating is to make money. Their outlook is focused on the tendency towards communal solidarity and making money. Because these people have no intentions of settling permanently in the host society, very little effort is made to make ties with members outside the ethnic community. Their goal is to make as much money as possible for remittance and retirement in their homeland. Because of this desire, they seek jobs which allow them to keep their assets relatively liquid, such as retail or service jobs. Thus they are not interested in purchasing land or investing in capital equipment which would tie them to the host society. However, this approach examined an earlier population of immigrants who did not, and sometimes, were

[7] As such, the extent to which Chinese business immigrants in Canada act as commercial intermediaries or becomes part of an ethnic enclave will be explored later on in this thesis.

prevented from, permanently settling in the host country. Conditions today are very much different as immigrants are now able to gain citizenship in a number of immigrant–receiving countries; and yet they are still operating their businesses.

The Cultural Tradition Approach

A cultural tradition or personal background in commerce has also been used to explain the high rate of ethnic minorities in business. According to Cobas "Self–employment in the country of destination, then, results from their ability to transfer business know–how in the country of origin" (1986: 104). However, it appears that some immigrant entrepreneurs do not necessarily possess a business background, either through formal education or a family background in business, making this theory only partially accurate in explaining this phenomenon. Several of the business people I interviewed did not have a business background. For example, one person was educated in Canada as a pharmacist; another had been a legal secretary in Hong Kong; while yet another had taken an engineering program at a local community college in Alberta. Several interviewees informed me, as well, that their families were not involved in business activities. Furthermore, this approach assumes that commercial activities all around the world are so similar that a mere "transfer" of knowledge is possible. It does not account for the different economic organizations that may exist between countries, and the consequent adjustments these immigrant business people may need to make.

The Ethnic Enclave Theory

The ethnic subeconomy or ethnic enclave theory posits that the success of the entrepreneur results from finding economic opportunity in ethnic market niches by tapping into the consumer demand of co–ethnics (Mars and Ward 1984). Participation in the ethnic subeconomy assumes that co–ethnics operate in a closely knit business community. These close relations supply possible networks of mutual aid in the form of inexpensive labour, capital, information about business opportunities, and training which may be valuable for eventually starting one's own business. For example, a history of past dealings in the enclave economy becomes the basis for trust; and facilitates trade and collective actions which are useful in providing potential entrepreneurs with support in the form of mutual benefit associations, joint buying arrangements, and capital–raising activities. Additionally, the ethnic subeconomy provides employment opportunities to more recent immigrants; thus, these people gain business experience while fulfilling a practical need for employment. In return for giving the original business operator his or her loyalty as an employee, the business owner may offer financial assistance to that person, if he or she decides that they want to venture into their own business. The ethnic subeconomy or ethnic enclave approach seems to provide a rather complete explanation for reasons why these individuals enter into business operations, but it does not account for those individuals who do not operate in the ethnic enclave and whose customers are not necessarily co-ethnics.

Theoretical Approaches to Ethnic Enterprise Success

Other research has attempted to find the reasons for the success of ethnic business enterprise. The traditional cultural theory posits that the success of immigrant groups in business results from transplanting an intact cultural heritage to the immigrant's new cultural environment. It rests on the hypothesis that some cultures predispose their members towards the successful pursuit of entrepreneurial goals based on certain values or ideologies. For example, Light (1972) suggests that the extended kinship and clanship of the nineteenth century Chinese in America provided the basis for rotating credit associations known as *huis*, from which the needed capital for business ventures was raised. Similarly, Goldberg "suggests that certain Chinese cultural elements—flexibility, hard work, familism, and value on education and land—contributed to the success of the Chinese entrepreneurship overseas" (Goldberg, in Li 1992b: 121). Therefore, this hypothesis suggests that ethnic business success is the result of specific attributes of the ethnic group that are highly consonant with the growth of enterprise.

Recent Integrative Approaches

Ivan Light (1984) has attempted to synthesize several of these approaches. He notes that the traditional cultural theory alone is inadequate, and suggests that the immigration process releases three latent facilitators, independent of cultural endowment, which enhance entrepreneurship (1984: 199). The first is the psychological satisfaction stemming from migrating from a low-wage to a high-wage nation, known as relative satisfaction. Immigrants are willing to accept lower money returns than natives, and are

willing to work under poor conditions and long hours. Additionally, the process of leaving one's home to take up life in a new society is a matter of choice such that the workers who enter the immigration stream are more inclined toward risk than those who stay home. The second is a reactive solidarity that stems from chain migrations which create immigrant communities with well–developed social networks which immigrants can draw on for business purposes. The third facilitator is sojourning. Some immigrants may intend to repatriate, and from this intention comes a desire to amass as much money as possible as quickly as possible. This desire provides them with an entrepreneurial edge and motivation in business. These three facilitators enhance the entrepreneurial drive of immigrants. Furthermore, Light (1984: 201–202) makes a distinction between ethnic and class resources which also facilitate immigrant entrepreneurship. Ethnic resources are features of the whole group which co–ethnic business owners utilize in business. These include cultural endowments, relative satisfaction, reactive solidarities, and a sojourning orientation. In contrast, class resources are those cultural and material resources which facilitate ethnic business. The material resources include such things as private property, human capital, and investment capital. The cultural resources include class resources such as bourgeois values, attitudes, knowledge, and skills which are transmitted intergenerationally.

A more recent study conducted by Waldinger et al. (1990) also attempts to create a more holistic model which examines immigrant business in industrial societies. This interactive model of ethnic business development, as they call it, is built on two dimensions: opportunity structures and characteristics of the ethnic group. Opportunity structures consist of market conditions both in the ethnic and non–ethnic markets that may favour the development of a product or service. Group characteristics include

premigration circumstances, a group's reaction to conditions in the host society, and resource mobilization through various features in the ethnic community. Ethnic strategies emerge from the interaction of all of these factors, as ethnic entrepreneurs adapt to the resources made available in opportunity structures and attempt to carve out their own niches.

Recently, Mackie (1992) and Chan, Yin, and Yin (199[illegible] explored the relevance of this kind of cultural model by examining the imp[illegible] se cultural values on the success of entrepreneurial ventures. Their approac[illegible] unique in that they do not assume the blocked mobility thesis, and they attempt to examine the impact of values on the entrepreneurial process of "risk-taking" in identifying and developing new business ventures. These writers examine ethnicity in terms of providing economic resources as well as values and traditions which create a strong infrastructure for entrepreneurship.

Mackie (1992: 41[illegible] focuses on the Chinese in Southeast Asia, and attempts to understand the success [illegible] businesses in comparison to their "indigenous neighbors." Mackie finds that the[illegible] nificant correlation between cultural values and traditions and the success of entrepren[illegible]rial ventures. He [illegible] that the basis of Chinese economic organization is familism, either in the form of nepotism; preferential recruitment, employment or promotion of kin; or a paternalistic relationship between supervisors and subordinates (Mackie 1992: 54). Furthermore, Mackie finds that nearly "all accounts of the economic behaviour of Overseas Chinese emphasize the versatility and entrepreneurial qualities of their family firms" (Mackie 1992: 53). As well, Mackie suggests that the Chinese family structure, as the primary source of socialization and vehicle of transmission for values conducive to business successes, are key variables that

also must be examined (Mackie 1992: 53). Therefore, in his attempt to [illegible] and better the commercial success and entrepreneurial drive of the Chinese entrepreneurs in the modern world, Mackie calls for an examination of the cultural values that encourage venture creation, and the ways in which these values become part of tradition which is passed on through the generations. Thus, his findings indicate that business skills are deemed culturally valuable; and are deeply embedded in other aspects of the culture, in terms of influencing motivations and preference for developing business ventures as opposed to engaging in other occupations or activities.

The focus of Chan et al. (1993) is the success of Chinese entrepreneurs in Singapore. These researchers suggest that this success developed not only because of the entrepreneur's ability to retain their Chinese culture, but also because of their ability to adapt it to the existing political and social context into which they have immigrated. In conducting their research, Chan et al. (1993) undertake case studies of two prominent entrepreneurs in Singapore; and document their Chinese heritage, their entrepreneurial qualities, and the historical context in which their businesses developed. In doing so, they identify a troublesome methodological problem existing in entrepreneurial studies:

> While historians have tended to focus onto the "Chineseness" of the Chinese entrepreneur, researchers in the field of entrepreneurship have paid less attention to the entrepreneurs' cultural heritage and the ethnic "flavor" of the entrepreneurs' businesses. Instead, these researchers have identified entrepreneurship with distinct individuals (Chan et al. 1993: 73).

Because of this separation in research, they argue for a more integrative socio–historical approach to entrepreneurship studies; and suggest that the following areas must be dealt with in entrepreneurial studies: (1) an explanation of the political and social conditions of the country that the entrepreneur has immigrated; (2) an examination of the entrepreneur's cultural heritage in terms of commerce and trade (i.e., village origin in the

case of the Chinese); and the possible existence of a tradition of business interests in the entrepreneur's specific background; (3) an analysis of the entrepreneur's business and community involvement (for example, Chan et al.'s findings reveal that the Chinese entrepreneurs were closely linked to their ethnic communities and that they enjoyed a strong kin and ethnically defined network, "as it provided them with access to labour, credit, information, market outlets and security" (Chan et al. 1993: 72)); (4) a collection of the history of the entrepreneur's business experiences and endeavours (for instance, their findings reveal that both entrepreneurs had gathered experiences from originally being an employee for somebody else before venturing out on their own); and (5) an examination the entrepreneur's present role in relation to his or her current cultural environment.

By using this approach, Chan et al. reveal several critical issues that entrepreneurship studies, in general, should recognize; and more specifically, several themes which should be considered in the study of Overseas Chinese entrepreneurs. For instance, their model of the entrepreneur as an individual contrasts significantly with commonly held Western notions of an entrepreneur. Western concepts of the entrepreneur tend to focus on traits such as self-sufficiency and individualism, while Chan et al. indicate that Chinese entrepreneurs are not so highly individualistic. They are perceived instead as being members of the community, who are socially responsible to that community, making important contributions to it in return for the financial or informational assistance that the community provides them; the community is also their form of security. Therefore, it seems that there is a more collective approach to business formation and growth. As well, previous models attempting to explain ethnic entrepreneurship have argued that this phenomenon occurs by default, resulting from a

lack of opportunity in society at large. In contrast, Chan et al.'s model recognizes that the entrepreneur makes a conscious decision to venture into business, either in the ethnic enclave or in the mainstream.

By recognizing the need to find a new approach to entrepreneurship studies, Chan et al. emphasize the importance of creating a more holistic methodological paradigm; and cite a section from Gasse's article "Elaborations on the Psychology of the Entrepreneur" to emphasize this point:

> ...the rational decisions of entrepreneurs are inevitably restrained and colored by the cultural milieu. Their motivations and profit orientation are socially derived; their decisions, though rational, are influenced by the values and restraints society places upon risk, risk-taking and freedom of economic choice. The entrepreneurial role itself, with its behavioral expectations, enjoys a status not fully derived from the power of wealth or capital manipulation, but from traditional prestige values and traditional concepts of the "good life" and the individual's proper relationship to society (Gasse, in Chan et al. 1993: 75).

Accordingly, Chan et al. (1993) have established a more integrative framework for the study of immigrant entrepreneurs by focusing on entrepreneurship as a process which is affected by a number of cultural, social, psychological, and historical conditions.

THEORETICAL CRITIQUES OF PREVIOUS LITERATURE

Mackie (1992) and Chan et al. (1993) reveal some of the current difficulties with existing research on ethnic entrepreneurs. Previous studies tend to assume a formal economic approach which regards large corporate structures as the ultimate expression of capitalism, relegating small business operations to the periphery. For example, Bonacich (1973) writes,

> Middleman economic behaviour is closely akin to preindustrial capitalism....Max Weber (1958) contrasts pre–modern capitalistic forms (including the economic behaviour of Jews and Parsis) with modern industrial capitalism. The distinguishing feature of the latter is the 'rational capitalistic organization of (formally) free labour' (1958:21). The modern industrial capitalist treats his workers impartially as economic instruments; he is willing to exploit his own son as he is a stranger. This universalism, the isolation of each competitor, is absent in middlemen economic, where primordial ties of family, region, etc., and ethnicity unite people against the surrounding, often individualistic economy (Bonacich 1973: 588-589).

Not only is ethnic business seen as a peripheral activity, it is also viewed as being part of some relic of past capitalistic behaviour. Given this perspective, ethnic entrepreneurship warrants interest only because self–employment among members of the host society seems to be on the decline. Small business and ethnic entrepreneurship tend to be ignored as one of the driving forces of economic development.

Furthermore, much of the literature on ethnic entrepreneurship is still based on the assumption that ethnic business activity is the result of unfavorable socioeconomic conditions in the host society which prevent these individuals from pursuing more mainstream professional careers. In this sense, ethnic entrepreneurs are not truly understood as active decision makers and participants in the dynamic economic system. Consequently, the outcome or implications of their business decisions and activities are rarely studied. In other words, considerable effort has been made by the sociological enterprise to focus on how the individual defines and interprets his or her social world; but a model of how individuals act in the social world, and an understanding of the implications of these actions on other institutional arrangements of society is lacking. Business immigrants are not given the appropriate significance in terms of issues of economic development. Questions such as: What are the contributions of these business

immigrants in driving the economy? How is economic development achieved through their efforts? How can we understand this process? have all been ignored.

Moreover, studies of ethnic entrepreneurship tend to assume a traditional approach to the cultural adaptation process experienced by immigrants. First, many studies seem to presume that immigrants will adapt and be assimilated into the host society because no discussion is provided of the changes that the host society will eventually experience in light of the economic contributions that immigrant entrepreneurs are expected to make; What happens to the existing social structure in light of these immigrant business activities? Additionally, there seems to be a static concept of immigration itself. For instance, in an article by Light (1984) a distinction is made between high rates of immigrant entrepreneurship and low rates of native entrepreneurship. This distinction seems to indicate that the immigrant entrepreneur, even if he or she has become a citizen of the host society, is still considered an immigrant, an outsider; therefore the activities that they pursue are somehow not considered to be activities of the native population. As well, in the sojourner hypothesis, Bonacich suggest that the sojourner attitude may eventually disappear, such that the immigrant would settle into the new country by assimilating into the mainstream:

> This would entail engaging in more non–economic activities, joining non–ethnic organizations, intermarrying with one's neighbors, employing and being employed by persons of different ethnicity, and the like. In other words, it would mean economic and social integration; the middleman form would disappear (Bonacich 1973: 593).

This interpretation suggests that the ultimate progression of immigrant cultural and social adaptation is essentially related to the process of assimilation. As evidence will later reveal, many of these small business operators are not necessarily assimilated into the

mainstream; and moreover, even if they have adapted to their new environment, they do not necessarily abandon their business operations.

Finally, ethnic enterprise in the context of social and economic conditions in the 1990s has significantly changed since earlier studies conducted in the 1970s.[8] These changing conditions have altered the ethnic business scene in several ways. Alternative forms of retailing have arisen, and some people have moved out of the corner grocery into other areas of business which have not been included in the research. One entrepreneur I interviewed owned a grocery store in the 1970s in Edmonton, but he is now one of only two importers of ethnic goods from Hong Kong in all Alberta.

Peter S. Li (1992b) has identified this trend and suggests the nature of Chinese business has undergone substantial changes over the years. Even though Li's focus is on business people in Richmond, British Columbia, much of his observations are relevant to many other cities in Canada. He writes, "The changes involve expansion of Chinese business in professional services and food retailing, an increase in corporate investments, and a decline of small family retail firms" (Li 1992b: 120). Li goes on to suggest that these changes are the result of the growth of the Chinese population, and the emergence of a new Chinese middle class who create demand and supply for ethnic business. Thus there is a need to consider specific social, economic and demographic conditions to understand ethnic enterprise (Li 1992b: 120).

The purpose of this chapter has been to provide a review of the existing literature on entrepreneurship, and more specifically on ethnic entrepreneurship. Mackie (1993) and Chan et al. (1992) raised several interesting issues concerning the study of Chinese business immigrants which have helped to clarify some of the methodological and

[8]For earlier studies see Light (1972) and Bonacich (1973).

theoretical problems with the existing literature on ethnic entrepreneurship. For this reason, the next chapter attempts to address these concerns by developing an economic anthropological framework based on Schumpeter's work.

FOUR

The Anthropology of Entrepreneurship & Culture Change

THE ANTHROPOLOGY OF ENTREPRENEURSHIP & CULTURE CHANGE

The purpose of this chapter is to develop an economic anthropological paradigm of immigrant entrepreneurship in capitalist economies based on Joseph A. Schumpeter's (1961[1934]) work on entrepreneurship and economic development. The first part will examine the anthropological research conducted on entrepreneurship and will identify several themes which will be used to guide the analysis in chapter five. The second part of this chapter will provide a more in-depth analysis of Schumpeter's work; while the last part develop an alternative framework for understanding business immigration by placing the phenomenon of immigrant entrepreneurs within Schumpeter's model.

The History of Entrepreneurship Research in Anthropology

According to Alex Stewart (1991), anthropological interest in entrepreneurship was a postwar phenomenon which peaked from the 1950s to the 1970s. He notes that

these studies were conducted in an attempt to improve the understanding of two related processes: social change and economic development. He writes,

> Both interests were associated with efforts to improve or overthrow the dominant influence of structural functionalism (SF), which seemed incapable of explaining these processes. It seemed that research ought to pay more heed than had SF to the particularities of change processes and entrepreneurial opportunities (Stewart 1991: 72).

Thus scholarship in entrepreneurship found the dominant theories of structural functionalism to be inadequate in explaining the dynamic process involved in entrepreneurial activity. On the rise at this time was the then–new approach of transactionalism, which reacted against the normative orders of structural functionalism and against perceived weaknesses in its assumptions of equilibrium and inattention to individual actors (Stewart 1991: 72).

During this period, the anthropologists' entrepreneurs were individuals who created change in the prevailing normative order. Stewart (1991) suggests that Victor Turner's *Schism and Continuity in an African Society* (1957) was a hallmark in the break with structural functionalism because Turner was able to develop a synthesis between structural functionalism and interests in individual strategies. Although, as Stewart (1991) notes, Turner's work was not primarily about entrepreneurship, it did detail the entrepreneurial efforts of one individual named Sandombu in his desire to change his social position. Sandombu's efforts to attain "traditional" authority, as a matrilineal village headman, were constrained by his relatively poor ascriptive resources. Therefore, in order to become headman, he innovatively added three generations of matrilineal kinswomen to his family unit. In other words, he was able to enhance his position from this "innovative" form (Stewart 1991: 73).

This new emphasis in anthropology allowed researchers to "focus on individual intentionality, agency, and willful goal–seeking and strategic behaviour" (Stewart 1991: 74). With this emphasis, the individual was viewed as a decision maker; and assumed a central role as an entrepreneur in subsequent research. However, critics of this approach argued that the "entrepreneurial–man" school under–reacted to structural functionalism by assuming the existence of legitimacy and consent; and over–reacted to structural functionalism by ignoring constraints such as moral or normative orders, power, and class structure (Stewart 1991: 73).

Frederik Barth (1972), who conducted one of the earliest anthropological studies of entrepreneurship, suggested that the significance of entrepreneurial activity was its potential for effecting social change. His approach is quite similar to Schumpeter's (1961[1934]) in that it also examines the effect of entrepreneurship on the existing social structure. The only difference is in the terminology employed by these scholars. Barth (1972) uses concepts such as social change and stability to discuss the effects of entrepreneurial activity, while Schumpeter uses the specific terms of economic development and growth. These terms both imply the same result, a change in the existing social structure.

In more current anthropological research, Stewart (1991) identifies several prevailing issues. Some researchers have tended to assume that small business enterprise and entrepreneurship are distinct phenomena. However, according to Stewart, these two activities do not necessarily warrant a distinction. Although the liberal use of the word entrepreneurship might demonstrate semantic sloppiness, much of the research on smaller ventures does deal with entrepreneurship (Stewart 1991). Many of these studies reveal entrepreneurial behaviour in the terms of opportunism, if not expansion. In the particular

areas of ethnic business research, Stewart writes that expansion can be found in ethnic business in terms of increases in velocity of transactions and economic growth. Opportunism can be found as people actively seek out ethnic niches and even perhaps niches in the larger economy. Ethnic business activity is not necessarily an imitative act of the host society because, as Stewart notes, "They are innovative in organizational form, despite the pedestrian appearances of their ventures" (Stewart 1991: 75). Even those who develop businesses to serve co–ethnics are no less entrepreneurial because once these businesses are established, they become a legitimate part of the social structure; and eventually may expand their client base into the non–ethnic community. Additionally, others may expand beyond the retail consumer service sector to other industries, and to a much wider client base. As Stewart comments,

> ...innovation is usually not one radical activity, "but a set of complementary innovations"...For these reasons, one cannot judge the degree of entrepreneurship by a snapshot of the existing venture mode; one has to examine social relationships and process (Stewart 1991: 75).

Given this definition, ethnic entrepreneurship is an important anthropological topic for the simple reason that ethnic entrepreneurship is a part of the larger processes of sociocultural change and stability.

A Consideration of Some Anthropological Themes in Entrepreneurship

Frederik Barth (1972) argues that anthropology can make many contributions to the study of entrepreneurship; he writes,

> There are several reasons why anthropologists should investigate carefully the entrepreneurial activity in the societies which they study. Clearly, entrepreneurship is closely associated with general leadership and the social structure of communities. Also, it very frequently involves the

> relationship of persons and institutions in one society with those of an other, economically more advanced one, and the entrepreneur becomes an essential "broker" in this situation of culture contact. But in the most general sense, one might argue that in the activities of the entrepreneur we may recognize processes which are fundamental to questions of social stability and change, and that their analysis is therefore crucial to anyone who wishes to pursue a dynamic study of society (Barth 1972: 4).

In this way, Barth identifies the significance of studying (1) the leadership role of the entrepreneur, and (2) the social and economic implications of entrepreneurial activity on the social structure. Similarly, Cyril Belshaw (1965[1955]) also explores the leadership role of the entrepreneur in culture change. According to Belshaw, the entrepreneur is someone who takes initiative in administering resources:

> In their capacity as leaders, entrepreneurs represent and influence the directions of social change. Their values and methods are a reflection of the synthesis between old and new that is the developing culture. Hence theories of social and cultural change can help to explain the emergence and methods of entrepreneurs; and the study of case histories against the background of social institutions can influence the confirmation and modification of the theories (Belshaw 1965[1955]: 140).

Although his study took place in the context of economic development in Melanesia, his approach is useful in understanding the economic and social leadership role that entrepreneurs possess; but moreover, he argues that culture change can not arise without the social acceptance of the entrepreneurial innovation:

> Innovation implies the introduction of a new kind of behaviour; cultural change implies acceptance of or reaction to the innovation; growth implies increased intensity of action, through expansion of the boundaries of the organization, or through repetition of the organization's procedures which other organizations copy with suitable variations (Belshaw 1965[1955]: 143).

Thus, culture change not only results from the development of an innovation; but also from the acceptance of that innovation. The behaviour of the entrepreneur, and the

acceptance or rejection of his or her behaviour is conditioned by the social structure in which he or she lives.

Additionally, Belshaw (1965[1955]: 157) indicates that Westerners often regard the entrepreneur as an individual who operates on behalf of a privately owned firm; but through cross–cultural analysis, he finds that other societies perceive the entrepreneur as a community leader whose public service may be as important an objective as his private gain. In this way, entrepreneurs may be motivated by their concern for raising their standard level of living as well as their concern for providing a more promising future for their family and community; the accumulation of goods for private consumption or personal gain is not necessarily the prime motivator for entrepreneurs.

Therefore, Barth (1972) and Belshaw's (1965[1955]) anthropological studies are significant in identifying several areas of entrepreneurial inquiry: (1) What is the leadership role of the entrepreneur in cultural development?; (2) Is there social acceptance or rejection of entrepreneurial behaviour in society?; and (3) Is there a social benefit to be derived from entrepreneurial activity? These themes will be employed in chapter five in determining the implications of the socio–economic activities of immigrant entrepreneurs in Canada.

SCHUMPETER'S ENTREPRENEUR–CENTRED ECONOMIC AND SOCIAL THEORY

Although, as previously mentioned, this project does not attempt to provide an evaluation of government policy with respect to business immigration, it is difficult to exclude a discussion of public and economic policy in a general sense. Although

numerous efforts have been made by government to encourage entrepreneurship and small and medium–sized business start–ups,[1] Bruce A. Kirchhoff (1991) notes that these efforts may not be very beneficial given that government policy is based on macroeconomic theory and equilibrium based models which do not fully appreciate the role of entrepreneurship in creating national wealth. These classical economic models do not recognize that innovation is characteristic of all human behaviour. In fact, macroeconomic policy makers presently tend to ignore the role of the entrepreneur. This is a serious problem, as Kirchhoff sees it, because macroeconomic predictions form the theoretical foundation upon which public policy is developed. He argues that a paradigm shift in economics is therefore necessary because current macroeconomic theory based on general equilibrium theory does not account for the role of entrepreneurship in a country's wealth creation and distribution. Current paradigms also fail to address the potential role of smaller firms in economic development. Furthermore, general equilibrium theory does not and cannot account for the dynamic reality of the economic system. Therefore, Kirchhoff (1991) argues that without a paradigm shift in macroeconomics, government activities directed at facilitating entrepreneurship will be ineffective; and in effect the contributions of entrepreneurship will be minimal. However, once a shift does occur, research questions and concerns will eventually change and perhaps become more sensitive to the entrepreneurial reality. Fortunately, the foundation for an alternative to general equilibrium theory exists in the entrepreneur–centred macroeconomic theory proposed by Joseph Schumpeter (1961[1934]) which focuses on the entrepreneur and his or her role in economic development (Kirchhoff 1991).

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[1]The Canadian government has been involved in numerous programs which encourage small business endeavours, ranging from programs which provide financial assistance and incentives for business start–ups to those which attract entrepreneurs from destinations abroad.

Joseph Schumpeter's Entrepreneur

This section provides an evaluation of some of Joseph A. Schumpeter's basic theoretical formulations for the purpose of revealing the possible significance that such an approach can have in an analysis of immigrant entrepreneurship in Canada. Joseph Schumpeter's (1961[1934]) work focused largely on the analysis of motion. His goal was to comprehend the dynamics of change in capitalist economic environments, rather than focus on the static assumptions of the dominant classical economic theory of his time. Although much of his work detailed the complete business cycle, and provided for a thorough analysis of the entire business process, it is, of course, beyond the scope of this thesis to present a complete rendering of Schumpeter's work on this topic. Therefore, this section is limited to presenting Schumpeter's work as it relates to entrepreneurship, particularly immigrant entrepreneurship, and economic development in Canada.[2] I will first summarize Schumpeter's theory of entrepreneurship related to identifying the nature of entrepreneurial activity and understanding the entrepreneur's motivations. Then I will discuss his conceptualizations of the nature of capitalist systems while keeping in mind the significance entrepreneurial behaviour in this system.

Essentially, Schumpeter's theory of entrepreneurship focuses on the concept of "creative response." Schumpeter (1951[1947]: 216–217) argued that the nineteenth-century economic focus on the conditioning and causal factors of economic phenomena

[2]This section will specifically focus on Chapter Five, entitled "The Fundamental Phenomenon of Economic Development," of Schumpeter's (1961[1934]) *The Theory of Economic Development.*

was inadequate because they did not make a distinction between adaptive and creative responses to changes in existing socio–economic conditions. He writes,

> Whenever an economy or a sector of an economy adapts itself to a change in its data in the way that traditional theory describes, whenever, that is, an economy reacts to an increase in population by simply adding the new brains and hands to the working force in existing employment,...we may speak of the development as *adaptive response*. And whenever the economy or industry or some firms in an industry do something else, something that is out of the range of existing practice, we may speak of *creative response* (1951[1947]: 217).

Schumpeter continues to suggest that this creative response has three distinguishing characteristics: (1) it can almost never be predicted, thus examining questions of "how" they come about should guide research; (2) it has serious consequences, for as Schumpeter writes "Creative response changes social and economic situations for good"; and (3) its frequency, intensity, and, success or failure is related to the quality of personnel in society and their individual decisions, actions, and patterns of behaviours (1951[1947]: 217). Thus, the individual, the entrepreneur, assumes an integral role in this framework because

> ...a study of creative response in business becomes coterminous with a study of entrepreneurship. The mechanisms of economic change in capitalist society pivot on entrepreneurial activity. Whether we emphasize opportunity or conditions, the responses of individuals or of groups, it is patently true that in capitalist society objective opportunities or conditions act through entrepreneurial activity, analysis of which is at the very least a highly important avenue to the investigation of economic changes in the capitalist epoch (Schumpeter 1951[1947]: 217–218).

Schumpeter's conceptualization of the capitalist economic system is therefore unique not only because he acknowledged the static and dynamic movement of the economic system; but also because emphasized the role of the individual, the entrepreneur, in the economic system. In summary of this process, Schumpeter writes, "The carrying out of new combinations we call 'enterprise'; the individuals whose

function it is to carry them out we call 'entrepreneurs' (Schumpeter 1961: 74). He distinguishes this definition from previous studies by writing,

> These concepts are at once broader and narrower that the usual. Broader, because in the first place we call entrepreneurs not only those "independent" businessmen in an exchange economy who are usually so designated, but all who actually fulfil the function by which we define the concept, even is they are, as is becoming the rule, "dependent" employees of a company, like managers, members of boards of directors, and so forth,...On the other hand, our concept is narrower than the traditional one in that it does to include all heads of firms or managers or industrialists who merely operate an established business, but only those who actually perform that function (Schumpeter 1961[1934]: 75).

Therefore, the focus of Schumpeter's research is on the individual entrepreneur's creative and innovative activities; not necessarily on *who* he or she is, but on *how* he or she functions. They are important in Schumpeter's conceptualizations because they are ultimately responsible for changing the dynamics of economics in advanced industrial nations. Unlike more traditional economic approaches, which focus on capital accumulation and investment as mechanisms for growth, Schumpeter centred on the role of the entrepreneur in the dynamic process of economic development. He recognized that the individual has, and is capable of making, choices and decisions that will, in effect, change and sustain the sociocultural and economic system. By Schumpeter's standard, the key function or responsibility of the entrepreneur is to introduce new combinations or arrangements into the economic system. They are not necessarily responsible for creating an invention, but they in some manner reform and revolutionize existing economic relations.

According to Schumpeter, everyone is an entrepreneur if he or she carries out new combinations; but the entrepreneurial designation is not a lasting condition that continues throughout one's life because it is lost soon as the individual enters into the management

phase of that business. Being an entrepreneur relates to actions and activities undertaken by an individual; it is not concerned with rights and duties; although the entrepreneurial function may lead to acceptance into the capitalist class for successful entrepreneurs (Schumpeter 1961[1934]: 78). Therefore, entrepreneurs do not, in themselves, form a social class; instead, they are identified by their innovative activities.

Schumpeter's entrepreneur plays an active role in the economy by continuously seeking out new combinations of activities; but, unfortunately, previous ethnic enterprise research does not hold this assumption.[3] Ethnic entrepreneurs have not been studied as active contributors to the economy; and consequently, previous studies have tended to overlook many of the contributions that business immigrants make. It is in this way that Schumpeter's work has significance for this thesis; by focusing on the human agent at the centre of this process, Schumpeter's model provides a valuable tool for understanding the innovative activities that immigrant entrepreneurs potentially introduce into an economy.

Additionally, another important theme in Schumpeter's work is the concept of innovation. According to Kirchhoff,

> Schumpeter believed that innovation is the basic driving force of capitalism. His definition of innovation is very specific. Innovation is more than mere invention. Invention is the creation of a new idea or a new combination of ideas. But innovation is the commercialization of invention; innovation requires the step of making an applicable or saleable product/service out of the invention and applying/selling it successfully (Kirchhoff 1991: 104).

Schumpeter was interested in economic development; and he believed that innovation, and not necessarily invention, was the basic driving force of the development of capitalism. Schumpeter distinguished these activities by writing,

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[3]The problematic assumptions and theories with previous approaches have been discussed in the preceding chapter.

> ...the inventor produces ideas, the entrepreneur "gets things done," which may but need not embody anything that is scientifically new...."getting things done" is not only a distinct process but it is a process which produces consequences that are essentially part of capitalist reality" (Schumpeter 1951[1947]: 219).

As such, an entrepreneur's success does not necessarily rely on developing a brand new product or market, but rather it depends on his or her skill to organize new combinations. For this reason, development is defined as the carrying out of new combinations (Schumpeter 1961[1934]: 66). These new combinations might include: (1) the introduction of a new good, or a new quality of a good; (2) the introduction of a new method of production; (3) the opening of a new market; (4) the conquest of a new source of supply of raw materials or components; or (5) the reorganization of any industry (Schumpeter 1961[1934]: 66). Therefore innovation, "the doing of new things or the doing of things that are already done in a new way" (Schumpeter 1951[1947]: 218), is significant because it is the mechanism of entry into existing market structures. It is a mechanism that entrepreneurs use to creatively destroy existing markets, a necessary prerequisite for development.

Thus, innovation and economic development link the activities of the entrepreneur to what Schumpeter refers to as the process of creative destruction, an integral feature of capitalism. Kirchhoff describes this process in the following manner,

> In this conceptualization, Schumpeter rejects general equilibrium theory's focus on perfectly competitive markets. In fact, Schumpeter describes capitalist markets as dominated by oligopolies. Competition in such markets appears as entrepreneurs enter the oligopolist markets using innovations to attain competitive advantages. Entrepreneurial behaviours are the source of competition, not market forces of supply and demand (Kirchhoff 1991:104).

In other words, Schumpeter's argument is that oligopolists, because of their market dominance, set prices so that they receive excess profits. These excess profits attract

entrepreneurs who then enter this market to gain profit for themselves. They enter the market by introducing innovations that appeal to buyers, and this change eventually takes market share away from the oligopolists' market.

Thus innovative competition can creatively destroy the existing oligopolist structure. New firms will enter and change the character of the market system by introducing new suppliers, new and different products, and new distribution systems. In this way, the economy will be simultaneously destroyed and renewed.[4] However, this cycle of creative destruction does not necessarily end at this stage because, as Kirchhoff (1991) writes new firms continue to enter, copying the entrepreneurs, all competing for the same market share.

This destruction is also accompanied by wealth creating activities. As Kirchhoff suggests,

> The entrepreneurs' innovations provide greater buyer satisfaction thereby creating new demand. Creating new demand means increasing overall economic income. As individuals store some of this income, overall economic wealth will increase (Kirchhoff 1991: 104).

The distribution of wealth is also affected in this process. Wealth, initially held by existing firms, is transferred to entrepreneurs who successfully enter the existing markets by creating "new firms." Thus, while some firms fail, such that the owners lose money and some employees lose their jobs, others may become wealthy, so that their workers become employed (Kirchhoff 1991: 104). Therefore different groups of wealthy and employed people emerge as the existing ones decline. Thus entrepreneurship "creates wealth" while simultaneously "destroying" existing oligopolist market structures. Entrepreneurial acts of innovation pose a serious threat to the profit share and survival of

[4]The economic system is not only renewed because, if we recall, Schumpeter argued that economic and social are intertwined. Thus, a renewal of the social system, in general, also takes place.

existing firms; but these entrepreneurs also renew the existing economic system by introducing new wealth. This duality is the essence of competition in market systems, old less–efficient firms, which do not adjust to the new competitive realities, will be destroyed while new wealth–producing industries flourish.[5]

In this way Schumpeter drew a distinction between economic growth and development. Schumpeter (1961 [1934]) viewed the capitalist system in terms of stability and change; and argued that entrepreneurs and their innovations introduced "disequilibrating" forces into an equilibrating system. On one hand, the capitalist system operated in a steady circular flow characterized by relatively routine and stable activities on a daily basis; yet on the other hand, this steady flow was often punctuated with discontinuous change which would bring about economic development. By visualizing the movement of capitalist economies in this two-fold process, Schumpeter made a distinction between economic development and economic growth (Heilbroner 1992). Unlike his contemporaries, who were studying the equilibrating forces of supply and demand, Schumpeter argued for a more dynamic theory focused on change. Economic development emerges when new combinations appear discontinuously; in other words, it arises out of creative acts of innovation which drastically change the system by propelling it into a new state of equilibrium. Gradual adaptation to such changes are almost impossible because they are so discontinuous. In contrast, economic growth results from the gradual expansion of the existing system in capital and population size; but according to Schumpeter these are merely routine processes which continue at a regular stable pace and are changes which are easily absorbed by the system. These activities, although not

[5]This interpretation drastically contradicts the reality today, in which we see large corporations not necessarily competing. They protect their market position not by directly competing but by using their size and accumulated wealth to protect their position.

necessarily static in the definitional sense, are considered to be static by Schumpeter because they do not involve any drastic change in the existing system. This static process is what is often labeled as the general equilibrium state by classical economists.

Thus, the economic system develops because existing stable conditions are interspersed with change stemming from the innovations of entrepreneurs. However, the development process itself does not follow a uniform, unilineal path and can be plagued with much resistance before the innovative acts of entrepreneurs can successfully transform the economy and society, in general. Counter–movements and setbacks often hamper development efforts; Schumpeter writes,

> A great many values are annihilated; the fundamental conditions and presuppositions of the plans of leading men in the economic system are changed. The economic system needs rallying before it can go forward again; its value system needs reorganizing. And the development which then starts again is a new one, not simply the continuation of the old....The new development proceeds from different conditions and in part from the action of different people; many old hopes and values are buried forever, wholly new ones arise (Schumpeter 1961 [1934]: 217).

Furthermore, Schumpeter suggests that the one of the reasons for such disruption is the fact that new combinations, carried out by entrepreneurs, are not evenly distributed through time and occur in rather "swarm–like appearance" (Schumpeter 1961 [1934]: 223). This uneven distribution results from a clustering effect in the natural distribution of available entrepreneurs. Schumpeter argues,

> ...the carrying out of new combinations is difficult and only accessible to people with certain qualities,...Only a few people have these qualities of leadership and only a few in such a situation, that is a situation which is not itself already in boom (Schumpeter 1961 [1934]: 230).

This clustering affect has a particularly important effect on the development process, Schumpeter writes,

> While the disturbance caused by a continuous appearance of entrepreneurs could be continuously absorbed, the swarm–like appearance necessitates a special and distinguishable process of absorption, of incorporating the new things and of adapting the economic system to the process of liquidation or, as I used to say, an approach to a new static state (Schumpeter 1961 [1934]: 231).

These particular issues concerning the process of successful development will be explored in more detail in chapter five with specific reference to immigrant entrepreneurship and its effects on Canada's social and economic systems. Schumpeter's concerns for the adaptation, absorption, and acceptance of new innovations (issues at the heart of culture change) will be particularly relevant.

The Theoretical Significance of a Schumpeterian Model of Immigrant Entrepreneurship

Schumpeter's model of entrepreneurship, with its emphasis on the potential of creative destruction, introduces a dynamic element in the interpretation of the immigrant entrepreneur experience. His model is particularly useful because the concept of "creative destruction" is consistent with the American democratic ideal of freedom and economic success through one's individual talent and effort (Kirchhoff 1991: 104-105). It also does not require assumptions of rational behaviour as does general equilibrium theory. Additionally, Schumpeter addresses the reality of market turmoil as new firms enter the market and old ones decline, without assuming that market structure remains stable long enough for economies of scale to dominate (Kirchhoff 1991: 105). As Kirchhoff notes,

> Schumpeter's creative destruction describes capitalism as we see it in the United States. Price competition does not exist, but entrepreneurship is

> everywhere. Product markets are not perfect, but entrepreneurship keeps entering and changing the product and service mix (Kirchhoff 1991: 105).

Moreover, Schumpeter's model provides a holistic perspective of economic and social activities; that is, he examines economic behaviour as a process which addresses the reality of the interaction between the human agent and the social environment. Schumpeter provides an integrative approach to entrepreneurship by attempting to locate the entrepreneur within the socio–economic system; he examines entrepreneurial activities as they affect the development of capitalism in industrialized economies. He conducts this analysis based on the assumption that economic and social processes are interdependent. Schumpeter's assumption is that

> The social process is really one indivisible whole. Out of its great stream the classifying hand of the investigator artificially extracts economic facts (Schumpeter 1961[1934]: 3).

Therefore, economic activity may be the focus of Schumpeter's research, but it is not the exclusive focus because economic endeavours are not isolated activities, they occur in a much larger social sphere. Thus they are affected by numerous non–economic conditions and have far ranging social and economic implications; in other words, they have consequences for culture change.[6] For example, Schumpeter writes that the characteristic task of the entrepreneur is to break up old traditions and create new ones; but "Although this applies primarily to his economic action, it also extends to the moral, cultural, and social consequences of it" (1961[1934]). Economic behaviour can not be isolated from other social phenomena.

In terms of immigrant entrepreneurship, Schumpeter's model of entrepreneurship, innovation, and economic development are extremely useful. Schumpeter's model allows

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[6]Culture change in the context of Canada will be referred to as the process of nation–building.

for a comprehensive study of social and economic behaviour in terms of dynamic processes. He provides an alternative framework which views ethnic entrepreneurs as active decision makers with innovative skills who have the potential to impact on the economy and society at large. Furthermore, in a style consistent with anthropological studies he examines issues of economic and social change which is at the heart of economic development. He studies innovation and the imitation and diffusion of such innovations. By employing Schumpeter's framework, I hope to provide a thorough examination of the economic and social implications of the presence of Canadian in the following chapter. Chapter five will create a framework for understanding immigration and the potential role that immigrant entrepreneurs have in the renewal of Canadian social, economic, and political life.

FIVE

Chinese Business Immigrants: An Anthropological Analysis

EDMONTON'S BUSINESS IMMIGRANTS: A PARTICIPANT PROFILE

The purpose of this chapter is to describe the social and economic activities of Chinese immigrant entrepreneurs in Edmonton, Alberta. By employing Schumpeter's framework in the analysis of immigrant entrepreneurs, I hope to systematically study the specific economic contributions that these individuals make to Canada and to understand the potential sociocultural and economic significance of their activities.

As previously mentioned, ten people (four women and six men) were interviewed for this project. Field notes were taken during these interviews, which provided the data for the thematic analysis conducted in this chapter. The participants ranged in age from 30 to 65 years. Of the business people interviewed: six people are from Hong Kong (this includes the banker); two people are from China; and one person is from Taiwan. Although all operate business enterprises in Edmonton, they come from a variety of business and educational backgrounds.

Some have been in business for almost twenty years, while others are operating their first business enterprise. Not all of these people came to Canada with the intention

to be in business, but due to circumstance and opportunity, they have become a part of Edmonton's business community. Although some individuals did mention that they felt that they did not belong to the Chinese business community because they did not actively involve themselves in Chinese business associations or directly participate in Chinatown affairs, I will include them as members of the Chinese business community in this project for several reasons. I view them as members of this community because they, in fact, share (1) similar business experiences, (2) a similar ethnic background, and (3) the immigration experience.

As previously mentioned, not all of these individuals came to Edmonton with the intention to be in business. One interviewee came to Edmonton from Hong Kong in 1968 to study pharmacy at the University of Alberta (he commented that at the time, the University of Alberta ranked third internationally); he graduated in 1972. After graduation he had a job lined up for him and so did not return to Hong Kong. Due to a number of circumstances (personal and financial), he then opened up his first drugstore in 1978, the first of many to come. He currently operates a number of pharmacies both in Edmonton and St. Albert and has recently moved into liquor retail.

Similarly, another interviewee from Hong Kong studied electronic engineering at Grande Prairie Regional College in 1975 shortly after his arrival in Canada. His first company was not formed until 1978, but over the years he has contracted out his skills to private corporations, both on a voluntary and paid basis. He felt that his technical training in engineering has provided him a strong background for his international computer business, and attributes his success to his willingness to work hard (sometimes without pay) and his desire to be continually informed about world issues. This entrepreneur's office employs eight people, including himself and his wife, who appears

to manage the office. He commented that none of these workers were hired solely as salespeople; instead, they were specifically recruited for their technical experience. Thus, they are responsible for computer sales and service. The office itself is rather small, (no more than a couple of offices in the front area) and is located in a nondescript industrial area of the city, which provides a stark contrast to the international scope of his business.

Additionally, another participant, also from Hong Kong, informed that he arrived in Edmonton in about 1975. He studied business management at Grant MacEwan Community College for two years before starting his own business in 1977. This first business was a convenience store; his second enterprise, which was started in 1979, was a specialty ethnic food store in Chinatown. He said that he was compelled to leave the convenience store because of the competition that large grocery stores, such as Safeway, were bringing by extending their hours of operation to compete with the corner store. He now operates a larger retail outlet which specializes in providing ethnic goods to non–ethnics. His retail outlet is located on the Southside of Edmonton in a mall which he owns and leases space to other retailers specializing in ethnic goods (videos, books, restaurants, etc.). He emphatically stated that his target market is not the "Chinatown crowd." In fact, by locating his mall and retail store in an area of the city known for its trendy shops, he informs me that he is trying to attract a non–ethnic market which prefers specialty items. He is also only one of two wholesale distributors of Asian goods in Alberta. However, he is the sole wholesale distributor of goods specifically from Hong Kong because the other distributor in Edmonton specializes in goods from Southeast Asia. Thus, he not only competes with other retail shops in Alberta, but he also provides them with their products.

Another interviewee was a nurse in Taiwan before coming to Canada almost 30 years ago. She worked for some time as a nurse in Canada before venturing out on her own into the real estate business in Edmonton. She mentioned that the lack of independence and the terrible hours in nursing compelled her to explore a career in real estate. Although, real estate may not seem to be an innovative endeavour, it seems that she has made it quite an entrepreneurial activity by targeting the growing Asian market. She feels that her personal background and the fact that she can speak several different dialects of Chinese helps her capture a market which relies on personal trust and superior customer service.

Another entrepreneur, who is one of only a few individuals in this project arriving with the intentions to start a business in Edmonton, also reveals the diversity of experiences among these participants. He arrived in Canada in the late 1950s with his family and opened the typical corner grocery store on the Southside of Edmonton. He did have previous business experience in Hong Kong operating a dry goods store, but he is originally from China. He is currently retired, but his interview provided me with some valuable comments about the changing nature of the business community in Edmonton.

Other interviewees have had much different experiences in Canada in that they have been in the country for a much shorter period of time; they have arrived during the late 1980s and early 1990s. Several have specifically arrived under the Canada's Business Immigrant Program. One interviewee has recently arrived in Edmonton to start up a bakery/cafe specializing in a combined Asian–European style pastry. Her business is located on the Westend of Edmonton in a strip mall which also specializes in Asian food retailing. This enterprise is her first experience in operating a business in Canada.

In fact, her business experience is rather limited because in Hong Kong she was a legal secretary, and subsequent to that had taken several law courses at school.

Another recently arrived interviewee is from China, where she was a government official for the foreign affairs division of the Department of Science and Technology. She commented that she was approaching retirement age in China and was desiring an opportunity to do something "different" which compelled her to come to Edmonton to enter into a partnership in a sign making company, located on Edmonton's Northside.

One other interviewee did have prior business experience in Hong Kong before setting up her consulting firm in Edmonton. In Hong Kong she worked for a leading international company as a public relations officer. She commented that after arriving in Canada, she had hoped to resume her career with a comparable company, but was startled by the absence of such firms in Edmonton. As such, she sought out on her own to develop a consulting firm which facilitaties communication and business opportunities among enterprises in China, Hong Kong, and Edmonton. She noted that if she had realized the extent of the personal satisfaction that can be derived from operating one's own business, she would have gone out on her own a long time ago.

An interesting fact about all of the entrepreneurs is that they were informed of business opportunities in Edmonton by family and friends. They ultimately arrived in Edmonton, rather than Vancouver or Toronto because many of them felt that Edmonton offered many more opportunities in its less competitive environment. Furthermore, although, they have immigrated to Canada, many individuals still retain close ties to friends and family in the Pacific Rim.

And finally, although not entrepreneurs, I also spoke with a local banker and local lawyer. The banking manager with whom I spoke works at a relatively large banking

institution in Edmonton which deals quite frequently with entrepreneurs from Hong Kong and Taiwan. This banker, who is from Hong Kong, is the manager of Asian Banking accounts. Although he is not an entrepreneur, this banker had some interesting insights into the way Asian business and banking is conducted. The immigration lawyer with whom I spoke is from a relatively large firm in the city. He has had extensive experience with Chinese business immigrants in the city.

WHO IS THE IMMIGRANT ENTREPRENEUR?

In order to distinguish the business immigrant or immigrant entrepreneur from other entrepreneurs, I will provide a discussion of the immigration experience which is unique to all of these entrepreneurs. This section will provide an examination of the immigrant entrepreneur's activities as defined by their immigration experience, and their business experiences and motivations.

The most recent trend in immigration theory has been the challenge to the classical paradigms of assimilation and ethnic plurality which have dominated studies of immigration and ethnicity since its inception (Yans-McLaughlin 1990). Two predominant themes in this research will be addressed in this section with reference to the activities of immigrant entrepreneurs. First, research has acknowledged that "collectivist strategies" and "socially embedded and group-sustained" strategies, not individual strategies affect immigration and incorporation into the social and economic system of the host society. Second, there is a growing recognition of the resilience of ethnicity, ethnic ties, ethnic identity, and traditional cultural values among immigrants.

The Collectivist Strategies of Immigrant Entrepreneurs

Immigration theory has indicated that immigrants do not operate in isolation in their new cultural context; they live within a social setting which connects them to a large community of networks. The immigrant entrepreneur is similarly situated, except that networks and group relations are even more critical because they help the entrepreneur understand and identify new possibilities in their new environment. Thus, both individual skill and ethnic group relations can affect an entrepreneur's ability to engage in innovative activities.

One aspect of such a cultural influence is that immigrant entrepreneurs do not necessarily act independently. They often have a complex network of friends and family who provide them with financial and other means of support.[1] For instance, two of the entrepreneurs I interviewed discovered their opportunities in Edmonton through friends in Hong Kong who had been in the city or knew of the city through their friends. Another entrepreneur informed me that she has had assistance in Edmonton from friends whom she met in school in Hong Kong. These friends are her partners in Edmonton and they often help her by providing financial assistance or by performing odd jobs around the office, while she is left to manage the innovative aspects of the business. All entrepreneurs with whom I spoke were well–connected in the sense that they had extensive information networks and support systems in Hong Kong and Edmonton which facilitated their business activities. This emphasis on the social aspect of the immigrant entrepreneur's activities is best summarized by this entrepreneur's statements,

[1] This is similar to the Ethnic Network Theory.

> How you behave affects others. In Chinese families people like to live together. In Canada at 18, you are considered to be independent but you do not have the experience with others. In Chinese families you are forced to live together. You must think about others. At home you live with your family and then you transplant that to work and then to your country.

The Persistence of Ethnicity: The Immigrant Entrepreneur's Ethnic Background

Cultural values have serious implications for economic development. Cultural models of entrepreneurship have suggested that culture defines acceptable and correct ways of behaviour for the businessman. Furthermore cultural values and attitudes may affect perceptions of benefit and opportunity for businessmen. Individuals from different cultures may place different values on business activities. Although the immigrant entrepreneur brings with him or her skills, entrepreneurial energy, and a perhaps cultural disposition valuing entrepreneurial initiatives, these are not the only cultural factors involved in determining the success of the entrepreneurial endeavour. The environment, in terms of economic and social conditions, must also be favourable in order for the venture to succeed. As such, entrepreneurs have the responsibility of not only converting an innovative dream into reality, but as immigrants who are relatively new to Canada, they must also operate between two cultural systems. Therefore, immigrant entrepreneurs not only learn about their new cultural environment, but they must also learn how to apply their previous skills and new cultural knowledge to the new Canadian context. This in essence is the cultural exchange process which seems to be critical in determining the success of these entrepreneurs.

This cultural exchange process seems to require that immigrant entrepreneurs operate in two spheres of cultural activity. For example, they carry cultural knowledge

from their Hong Kong experiences, but eventually also acquire a different set of cultural knowledge in Canada (i.e., knowledge of business conduct, rules, and laws in Canada). Therefore, these entrepreneurs have an awareness of social norms and general information regarding entrepreneurship from two cultural systems. In this way the entrepreneur can combine his or her previous business understanding with cultural knowledge of the current environment which may ultimately provide him or her with unique perceptions about the existing sociocultural and economic environment. For instance, many interviewees commented on the fact that Canadian businesses seem to lack information pertaining to the international scene, and a sensitivity for alternatives being pursued in the international market place. One entrepreneur commented that

> Canadians are very conservative...they only like big contracts,[2] It is difficult to do business in Canada. The Chinese try to understand, but...Canadians do not understand...they do not need to do things the Chinese way, but should appreciate and understand.

Furthermore, many interviewees also shared with me their insights into particular business practices which caused them some concern. Many entrepreneurs felt that Canadians rely too heavily on the large department or warehouse stores and the malls. However, as one entrepreneur put it, if these "fall down," then in a chain reaction other aspects of business will be affected. Many felt that small businesses were not being given a chance. One entrepreneur felt that her product was of superior quality; and although it may be more expensive than comparable products, the quality spoke for itself. However, she realized that many Edmontonians were still focused on the discount product.

Additionally, many entrepreneurs were astonished at the rather lenient exchange and return policy that exists in Edmonton retail businesses. One entrepreneur felt that

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[2]This entrepreneur was talking reference to the difficulties she had in finding a supplier for her business.

this consumer trend had to stop, and that consumers need to take more responsibility in their spending. Such lenient return policies, she felt, only overloaded the accounting systems and then left a whole set of chain reactions in terms of not properly accounting for the proper number of inventory sold. She says that this type of practice, and even the customer service centres, for that matter, make the cost of business in Edmonton too high. She also commented on the fact that advertising was very expensive. She said that she can not draw customers without flyers, but the consumer is inundated with too many flyers. This situation was affirmed by another entrepreneur, who felt that advertising was very expensive and not very effective. She says that the low populations density in various areas of Edmonton also make advertising much more expensive than in areas of high density, in which one advertisement can have the potential to reach a larger number of people for the money she spends. However, even given this concern, she says that advertising flyers became junk mail in any case.

It also seems that many Edmonton immigrant entrepreneurs felt that Canadians are very conservative in their business endeavours, even though many opportunities were available. One entrepreneur questioned this reluctance by saying, "Canadians have the energy to engage in all sorts of risky sports; why not in business where the rewards can be greater?" And many felt that this attitude related to the "safety net" that large corporations and government provide for them. Many of the entrepreneurs I spoke to commented on the fact that they found Canadians to be too dependent on the government. They were surprised by the amount of government involvement in Canadian life. Many mentioned that in Hong Kong there is no old age pension or unemployment insurance, so that there is little reliance of government for social assistance; and consequently, working hard is critical. These are some of the issues which several of the entrepreneurs raised

when I spoke to them. Although the validity of their concerns may be questioned, my point here is that they raise interesting insights into possible alternative ways of conducting business.

Therefore being engaged in two sets of cultural knowledge can open up possibilities for such perceptions. These entrepreneurs can then link existing resources such as money, invention, and hard work to future outcomes through organizing, focusing, and systematically applying them to problems and dilemmas in the current market and social system. Therefore, these entrepreneurs do not necessarily pursue their interests with disregard to local values as many people may think; they are cosmopolitan actors in the sense that they are tied to two cultural communities, a situation which provides better chances for perceiving opportunities.[3] This is an area in which further research needs to be conducted.

Entrepreneurial Motivations

Within the Schumpeterian model, entrepreneurs can be described as having the ability to see ways of putting resources and information together in new combinations. As I have previously mentioned, the sociocultural circumstances immigrant entrepreneurs will affect the way in which this activity is carried out. However, Schumpeter has also identified several unique characteristics about entrepreneurial motivations. Schumpeter's entrepreneurs not only see the system as it is, but as it might be and are able to translate

[3]Several entrepreneurs have mentioned that Chinese values which impart the significance of being a "good" person and doing a "good job," have facilitated their businesses in Canada. As such, cultural change means the adaptation *and* retention of cultural values. This double process implies that the immigrants learn how to synthesize two sets of cultural knowledge, and this way actually add on to what it means to be Canadian.

that vision into reality. Usually, they are not concerned with price competition or the profit motive, although they are concerned with making a living. For example, many of the entrepreneurs I spoke with informed me that they chose Edmonton as their immigration destination because the city is less competitive than other Canadian destinations, such as Vancouver, British Columbia or Toronto, Ontario. It seems that many of these entrepreneurs are not primarily concerned with whether there is a market for their product. Although it is an important consideration, they seem to be more concerned with dealing with competition. They recognize that a need exists in the market or they have an innovation that they want to put onto the market but in some ways are more concerned with the competition than whether or not the community will accept their innovation. These entrepreneurs are instead interested in pre–empting competition by transforming their creative ideas into reality. For instance, one Edmonton entrepreneur informed me that he no longer belongs to any business associations because he found that they were not willing to share information about the industry with other retailers for the betterment of customers. He says, "They did not want to share new knowledge, so nothing new got done....The bankers and lawyers were at the meetings only seeking business." Therefore, he decided to cultivate good relationship with his customers so that they would feel comfortable telling him what they wanted in his retail outlet. This would be the mechanism by which he could get new things done rather than through the business associations. In this way this entrepreneur was not necessarily concerned with competition but rather was interested in moving his retail operations in a direction to provide further for his customers.

It can be argued that all humans possess this creative ability, but what makes the entrepreneur unique is the fact that he or she has the confidence to transform these ideas

into reality. For example, many entrepreneurs revealed a personal desire or quality which somehow compelled them to engage in the realization of their business dream. In one of my interviews, one entrepreneur revealed that

> [Being in] business is difficult because you depend on yourself...but it's enjoyable. You can [get to] know yourself...you can know things about your own ability to do things.

One of the reasons for her coming to Canada and entering into a partnership with a businessman who had an established business in the city was that she "wanted to try something new...the same job has no challenge." Additionally, many other entrepreneurs mentioned that a strong sense of confidence, as they described it, had been a strong motivating factor in their activities.

Similarly another entrepreneur mentioned this same self–drive and self–reliance in compelling her to engage in her business endeavour. She talks about this sense of drive in reference to those business people who rely too heavily on market research. She says,

> Market research...lacks gut feelings...by the time it's done the market is dead. It [market research] does have its functions [but] it should only offer assistance. Entrepreneurs should only do just enough [research], only the big corporation, especially government, do research [and have] no guts to make a decision.

She continues on by saying that often this research is used to abdicate responsibility for a decision; that is, in those cases in which researched decisions are made, if the decision fails, bureaucrats often blame the research and not themselves. Another entrepreneur commented that "the challenge is the key...something in your system" drives this energy to create, "it's built on hard work...be prepared when the opportunity arises and you need the mindset, otherwise you always make reasons for not acting." Similarly, another person commented that being an entrepreneur involved "the right timing and being in the

right place" with your background information. The "gut instinct" must also be combined with a great deal of confidence. Entrepreneurship to these people involves an intuitive skill of being able to act upon given circumstances or conditions. Their belief as to what constitutes an entrepreneur raises interesting issues for further cross–cultural studies on the meaning of entrepreneurship. In summary of this skill, one Edmonton entrepreneur said

> There's no such thing as being lucky. The key to [entrepreneurial success] is hard work and persistence. Luck has nothing to do with it. You need insight to the see the opportunity. Financially and psychologically you need to be ready and if the opportunity is there then it comes together. You need to be financially and psychologically prepared when the opportunity arises....Entrepreneurs appreciate the opportunity at the right time and are courageous enough to gamble on it.

Similarly, another entrepreneur commented that entrepreneurial skill requires that an entrepreneur: (1) must be prepared to work hard and be willing to sacrifice a traditional family life, (2) must be prepared for calculated risks, and (3) must be persistent about the whole venture. This intuitiveness or desire to engage in these activities, combined with their ability to perceive certain opportunities and impediments in the Canadian environment, provides a significant potential for helping Canadian business identify new market opportunities and alternative ways of perceiving the current economic situation in Canada.

THE IMMIGRANT ENTREPRENEUR AND INNOVATION

This section will provide an analysis of several Chinese business immigrants in Edmonton by using Schumpeter's model of entrepreneurship to identify their entrepreneurial and innovative activities.

The computer entrepreneur's activities represents significant innovations for several reasons. In his interview, he described his international ties to the Pacific Rim, which enabled him to purchase and manufacture computer components for import to Canada. His international connections not only provide him with commercial links and experience in foreign markets, but they also allow him to tap into sources of technology from abroad. His international trade ties could eventually assist Canada in adapting to the ever–transforming international economy in which business transactions transcend national boundaries. His activities offer entrepreneurial significance because they reflect a unique trend developing in Canada. Ragab describes this trend in the following manner:

> Traditionally, the West has been the main source of high–tech innovations. However, in the late 1980s and the 1990s, the source of technology will become more dispersed with Europe and the Pacific Rim countries (especially Japan and Singapore) as recognized sources (1992: 74).

Ultimately, research and development, financing, manufacturing, and sales may all become separate processes carried out in different countries (Ragab 1992: 72), which this computer entrepreneur has seemingly tapped into.

Additionally, this entrepreneur's method of manufacturing computers is not his only innovation because he has also managed to tap into a unique Edmonton market for computer services. His target market in the city is not just the individual consumer, it is the large educational and public institutions which are growing ever-more dependent on computer technology. By securing contracts with these institutions, he is securing a stable and possibly long term relationship with his customers. Furthermore, this entrepreneur also recognizes that he cannot compete on price, given the fact that wholesale purchases of computers are relatively inexpensive. Thus he differentiates his

product by providing superior customer service by offering extended warranties and in-house service (in which he keeps a service person on the institution's premise for immediately addressing any problems). In this way he has created a special niche for himself. When I spoke to one of his purchasers, he noted that the extended warranty was the primary reason his organization awarded the contract to this entrepreneur.

If we follow the assumption of previous research that retail ethnic businesses do not necessarily have significance for the larger economic system, a great deal of information regarding the innovative activities of immigrant entrepreneurs is overlooked. For example, the entrepreneur, who started a small corner grocery store in the 1970s, now imports goods from Hong Kong, thereby establishing international links to the booming Pacific Rim. By identifying this relationship between the entrepreneur and society at large, we are better able to understand the possible innovative activity carried out by the entrepreneur. Additionally, this entrepreneur's new style mall also represents a creative innovation. His mall is unique in that it represents a new combination of services in one location targeted at a specific specialty market. By being engaged in these activities which recombine resources and which are targeted at unique markets, the computer entrepreneur and the Asian goods wholesaler, while being intricately tied to the international marketplace, are able to significantly alter the existing methods of production and distribution of good for the local market. Their activities, of course, have been facilitated by recent technological advances (i.e., in communication), but they nonetheless also contribute to the development of this high-technology trend which allows them to change existing methods of doing business (i.e., order processing, material handling, strategic information systems, control and many other (Ragab 1992: 74)).

As well, the activities of the bakery/cafe owner also reflect an entrepreneurial quality. This entrepreneur was responsible for implementing the initial set-up of the business; and today runs the daily administrative affairs of the shop, while her brother, who was trained as a chef in Europe and Hong Kong, is employed as the baker. She informed me that her product was targeted towards those individuals who want "fine" pastries, unlike those products sold in the Chinatown bakeries. She argues that her product is clearly distinct from other Edmonton bakeries because the preparation combined both European and Asian pastry techniques. As such, her pastries are much more "modern," in the sense that her style of pastry is being consumed all over Hong Kong today, while those bakeries in Edmonton's Chinatown are selling products which are an "older" style of pastry brought by an older wave of Chinese immigrants.

During this interview, she informed me that she had many difficulties in convincing Canadian government officers that she had a distinct product which could only be prepared by the chef she had hired, who happened to be her brother. The Alberta government had informed her that they felt that a qualified Canadian citizen could fill the chef position; and that the particular training which her brother had was being used as an excuse for allowing him entry into the country. She argued that this was not the case, and went to great lengths to prove to the government that her brother's training in Europe and Hong Kong was indeed distinct and that her product was unique. On one occasion she went down to the government office with a box of pastries so that they could taste for themselves the difference in her product, but this plan backfired when the government officers accused her of trying to bribe them. This social resistance to her product was closely tied to many problems associated with culture change, although in many ways her product may appear to be the same as any French style of pastry, her brother's cross-

cultural training has made their product unique and distinct. Although this subtle difference may seem insignificant and hardly a sign of any impeding change to outsiders. this difference has presented itself to this entrepreneur as a business opportunity.[4] Therefore, although her product may seem to be the same as any other French pastry to an outsider, according to Schumpeter's model, she can indeed be considered an entrepreneur, for she has introduced a unique type of pastry to Edmontonians. Therefore, she has not only tried to combine cross–cultural techniques of pastry preparation, but she has also introduced a new food product onto the market. In many ways this introduction is significant in creating a more cosmopolitan environment in Edmonton.

The consultant's activities also reflect aspects of the innovative entrepreneurial process. Her business is small, and employs about four people, but her international connections are extensive and her insights into the nature of business in Edmonton are extensive. She feels that Canadians are not well connected to the international world; but senses that there is a growing interest and viable market to be found in exporting items abroad, especially to China. However, one of the problems she encounters is that Edmonton business people, in comparison to those in Hong Kong, are "very cautious and less willing to take risks." She feels that this caution is due, in part, to the fact that Edmontonians do not have the necessary information to understand the "bigger picture." She notes that if one looks at various Edmonton newspapers or watches the local news on television, there is little information about other parts of the world apart from natural disasters. She feels that the Canadian press does not care about events abroad; and this narrow focus impedes international communication. In seeing this lack of

[4]This scenario seems to indicate the need for cross-cultural understanding in business beyond merely understanding certain cultural habits; cultural understanding is necessary for understanding how products obtain new meanings (such as the pastries have) a merging of cultures takes place.

communication between Canadians and the rest of the business world, she felt there was an opportunity for her, with her consulting firm, to bridge this gap. She feels that it is her responsibility to help Canadian and Asian businesses link up by providing the necessary information. This information includes not only cultural etiquette issues, which have been the traditional function of various consulting firms, but also information about the economic environment, in terms of the population and consumer base, contacts, and the like, which help give Canadians an idea of the magnitude of the spending power in the Pacific Rim. She has begun publishing a local newsletter providing such information. Therefore, her vision is to be able to assist Canadians and Asians by providing each party with information which can help them tap into the international market place.

This entrepreneur's activities are particularly innovative for several reasons. As many scholars have indicated, the economic landscape of the 1990s is undergoing considerable change. In this context, a business person's flexibility is a necessity, such that when this flexibility is "coupled with [a] borderless perception and a global setting, opportunities for exporting technology, materials and human resources will be immense" (Ragab , 92: 72). In this way, this entrepreneur's visions of global opportunity are unique because they innovatively combine existing resources (information) in new ways, and tap into a potentially large market trend.

By recognizing innovation as a critical characteristic of entrepreneurship, Schumpeter's model has the potential to help us to recognize innovative activities among immigrant entrepreneurs. His model also helps us to identify some unique aspects of banking and obtaining credit, an integral part of the entrepreneurial process (1961[1934]). Schumpeter's entrepreneurs are distinct from traditional entrepreneurs because they are not necessarily capitalists. Schumpeter separated the function of ownership of the means

of production from the function of controlling production by means of directing labour power from those activities deemed to be entrepreneurial, but he did not ignore the relationship between the economic process and the generation of capital. According to Schumpeter (1961[1934]), entrepreneurs need not have experience, equity finance, capital, or collateral. He argued that the defining characteristic of the entrepreneur was his or her leadership quality, rather than his ownership or possession of wealth. In this conceptualization the bank becomes responsible for providing venture capital under actually quite risky and unsecured conditions (Oakley 1990: 133). In fact, by securing outside financial assistance, the entrepreneur assumes no financial risk leaving this to his creditors. Therefore, given that bankers often operate on the side of caution in assessing the risk of a loan, they may impede the realization of an entrepreneur's innovation; and hence impede the development process. However, by lending, the banking agent may facilitate the development processes, thereby affecting the imitation and diffusion of an innovation. So the banker plays a crucial mediating role in bringing the innovation dream to fruition. Consequently, Schumpeter argues that the banking agent must "know his customer, his business, and even his private habits, by frequently talking things over with him" (Schumpeter, in Oakley 1990: 135). Given the significance of the role of the banking institution in Schumpeter's conceptualizations, it appears that a discussion of the activities of the immigrant entrepreneurs would be incomplete without a discussion of their activities with respect to banking.

During one of my interviews, one entrepreneur was quick to comment that he found many banks in the city to be "ventureless." Therefore, Schumpeter's model provides an interesting framework by which to explore the relationship between the banker and the entrepreneur. In talking about this relationship, the banker first found it

necessary to inform me of a number of features characteristic of a Chinese–style of business. He commented that the Chinese do not like to owe money to the bank. They do not like credit, and they do not like to borrow money. Furthermore, if they do have a debt, they make it their priority to pay it off. Given this characterization of his clientele, he mentions that his role as a representative of the bank is not even necessarily to fulfil this creditor role. He stated, in fact, that his role is often to bridge the gap for new immigrant arrivals in the city by providing them with letters of reference, referring them to particular real estate agents, or a car dealership. Thus his relationship with his clients extends beyond merely providing a banking service. Therefore, providing good customer service extends beyond offering service in several different Chinese dialects; but it also depends on cultivating a relationship between the client and himself so that he understands his client's needs. Furthermore, he says that he rarely asks for personal financial statements, as such requests are often construed as an insult. Perhaps by cultivating this type of relationship he does not have to conduct extensive credit checks on his clients, a standard practice among other financial institutions. This institution also has international connections such that a business person can access accounts overseas, and make financial transfers within the same day between accounts abroad. The banker informed me that this procedure is beneficial for those clients who conduct business abroad regularly, and find such immediate connections very useful in a world where business opportunities may quickly disappear. This procedure also facilitates the needs of those individuals who plan on immigrating to Edmonton because they can make financial arrangements from abroad before arriving in the city. As the banker informed me, one of the goals of his bank is to expose it to foreign investment. Additionally, for many other financial institutions, an entrepreneur with a lack of Canadian business

experience may find it difficult to find financing because banks do not necessarily recognize foreign experience. As such this particular bank is much more receptive to recognizing foreign business experience.

This particular banker and bank are unique in that they have already begun to transform the banker–entrepreneur relationship in Canada, as well as the way in which business between Canada and other countries can be facilitated. However, their activities are not the norm. Other Canadian banks are offering multilingual teller service, but it seems few have tapped into the nuances of doing business abroad. The examples which I have provided merely indicate the necessity for further exploration into this area of banking. If Canadian businesses and Canadian banks want to tap into the wealth abroad, they will first need to recognize these significant precursory changes that are taking place within the country. As such, not only can we expect immigrants to adapt to the Canadian environment, but Canadians will also need to adapt to the changing global market. However, cultural adaptation, and hence cultural renewal, cannot take place without social acceptance of these activities.

SOCIAL RESISTANCE TO SUCCESSFUL ENTREPRENEURSHIP

However, new combinations and activities, regardless of their potential social value, are often met with social resistance. Although the entrepreneur may have the initiative to engage in innovative endeavours, Schumpeter (1961[1934]) recognized the difficulties which may impede this process. Many activities for reorganizing, recombining, and renewing are often met with social resistance. For those who wish to do something new, the forces of habit tend to protest the realization of such a project.

Social resistance to the activities of immigrant entrepreneurs abound. The bakery entrepreneur informed me of her difficulties in getting local suppliers to provide her with baking goods. She said that many were reluctant to sign a contract with her because she lacked previous Canadian experience although she did have previous business experience in Hong Kong. Additionally, the entrepreneur who operates the consulting firm also commented on the reluctance of other businesses to accept her previous business qualifications. Prior to setting up her consulting firm, she had tried to apply for a job at a leading newspaper in order to fill the information gap between the Pacific Rim and Canada (this is what her business does now). However, she was denied the position because she was informed that she lacked Canadian credentials, and the newspaper would not recognize her previous business experience in Hong Kong as a public relations officer for a Fortune 400 company.

These impediments reveal that although Canadians want these entrepreneurs to bring their wealth and experience, they expect it to be on Canadian terms. Why is it that Canadian experience is a necessity when in so many ways Hong Kong experience would be quite valuable? If Canadians want to attract wealthy and experienced entrepreneurs to this country, they will need to recognize that one of the prime function of entrepreneurship is the introduction of new combinations (i.e., changes) into the economic system. And ultimately, these economic activities will also have social and economic consequences.

THE IMMIGRANT ENTREPRENEUR AND SOCIO-ECONOMIC ISSUES IN CANADA

The Economic Renewal of Immigrant Entrepreneurship Activity

Schumpeter's (1961[1934]) model indicates that the significance of the entrepreneur lies in his or her ability to engage in and initiate economic changes (i.e., economic development) in capitalist environments. In exploring this issue further, I will attempt to reveal a possible correlation between the activities of business immigrants in Edmonton and key business trends that are developing in the 1990s.[5]

One of the dominant trends which Megeed Ragab (1992) has observed is the fact that current markets are fragmenting in order to account for individualized tastes and demands for specialty items. This researcher writes,

> The trend toward mass market appears to be in the decline stage in the 1990s. Instead, the growing trend is towards fragmented markets. Fragmentation seems to be a result of changes in market structures where many players succeeded in creating new niches by entrenching new consumer values, (e.g. quality, customizing, satisfaction, and the like) (1992: 73).

Essentially Ragab is indicating that there is an increase in the demand for specialty items which are creating smaller, yet quite viable, market niches for those producers who are capable of meeting the demand. Given the identification of this future trend in the market structure, it appears that some immigrant entrepreneurs can in fact guide the Canadian economy in this direction.

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[5]Megeed Ragab (1992) in *The Business Environment of the 1990s: Implications for Entrepreneurship* has conveniently identified several business trends developing in the 1990s. This section will explore these trend as Ragab has described them.

For instance, a shop in downtown Edmonton which is owned by an entrepreneur from Hong Kong specializes in high–quality and high–priced handbags. Many Edmontonians find such a specialty shop to be an odd fixture in a city characterized by large department and super stores; but if we consider this shop in terms of a possible economic trend, which sees the rise of such specialty shops in the rest of the country or even the rest of the world, we may in some way understand the entrepreneurial logic of this owner. It appears that many people in Edmonton still think that specialty shops are only for the very wealthy, and would thus argue that this shop is doomed to fail because there are, of course, not that many wealthy individuals in Edmonton. However, this entrepreneur may not necessarily be catering only to the wealthy; but instead has merely followed a business trend common in Hong Kong and many other places, the specialty shop. Therefore, this entrepreneur is following the current logic of capitalism by introducing to Edmonton one of capitalism's latest trends. It is not necessarily an Asian trend either; for as Ragab has indicated, this trend is a general economic trend (1992). However, I must qualify this statement because at the time of this study, this particular business has had trouble maintaining a steady client base; and is facing the possibility of relocating to another Canadian city. Although many would argue that this failure is due to a limited number of wealthy people in the city, I suggest that perhaps it may also be due to the fact that this is merely a period of transition for this entrepreneur and for Canadians. In some ways perhaps Canadians have not quite adjusted their consumer tastes and interests to the specialty shops. Similarly, perhaps the entrepreneur needs to recognize that Canada is not quite ready for this transition; and that this entrepreneur may also need to watch Edmonton conditions closer and adjust her business accordingly. Thus Canadians and entrepreneurs will need to make cultural adjustments. By examining

the issue in this way, there is room for addressing issues of economic change. Arguing that there are not enough people to support these specialty shops, prevents us from understanding the larger economic issues.

In addition to the changing nature of the markets, there has also been a change in the market structure. Ragab writes,

> The main trend in the 1990s is towards dispersed markets. This is in contrast to the maturing/declining trend of domination by one or few firms that prevailed from the 1980s to the 1990s. The borderless perception, coupled with the dislocation of technology, brought many competitors with different strategies that allowed them to carve niches thereby altering market structure significantly.
>
> ...as monopolistic and oligopolistic structures weaken, barriers to entry vanish and the opportunities for creating new venture abound. The number of entrepreneurial firms abound (1992: 72).

Ragab's statements seem to indicate, as I have mentioned before, a movement away from large corporate entities towards the smaller sized firms.

This trend is also reflected in the activities of a number of entrepreneurs. For instance, one Edmonton entrepreneur felt that there was a definite advantage in running a smaller sized enterprise because it allowed him to employ his family and friends, people whom he could trust and who would be loyal to his business. Similarly, another entrepreneur informed me that, on several occasions, she has been told to franchise her business. However, she is very careful about how she positions her business and argues against franchising. She feels that franchising would compromise the quality of her product. Additionally, she is wary about this approach because she feels that Edmontonians are still not very receptive to small retail outlets. She feels that Edmontonians are still accustomed to large department and warehouse discount stores, in which low prices are the main attraction. She finds this reluctance to shop in smaller

outlets confounding because although they may have slightly higher prices, they do offer a higher–quality product. For instance, she emphasized that her products, although slightly more expensive than other pastries, were made with nothing less than the freshest and finest ingredients.

Another entrepreneur felt that the small size of her sign company was nothing more than advantageous to her business. She noted that there are many large sign companies in Edmonton, but her customers continue to do business with her company because they find her business to be much more flexible. That is, if a customer wants a change made in one of his or her signs, her company can easily facilitate such a request. In a larger company a slight modification would most likely create a production problem. Thus she says,

> We can serve them [customers] better because contracts with big companies can't change. Here changes can be made....Your equipment quality [may not be] so good,...[but] customers feel comfortable with you. Technology, equipment, knowledge is very important, but the relationship, being a good person, is too.

Therefore, all of these entrepreneurs seem to recognize the significance of smaller–sized operations which cater to the customer's needs for a quality product, a trend which Ragab (1992) has identified as being extremely significant in the 1990s.

The operation of smaller enterprises by business immigrants can also be related to a changing trend in customer service, customer relations, and even industrial relations. First, all the entrepreneurs whom I spoke to focused on providing superior customer service based on the development of a personal relationship. The sign entrepreneur mentioned several times throughout her interview that when the Chinese do business they must have a great deal of respect for and interest in the welfare of their customers and employees. One example she provided is that upon a request for the purchase of a sign, a

fifty per cent deposit must be made. However, she commented that many times this deposit is waived if the customer cannot pay it. She said it was not "nice" to force someone to do this, especially if they have been a long-time customer. Also, the computer entrepreneur who provided a three year warranty on his computers not only provided an extended warranty, but he also offered an extended relationship with his customer by providing in-house computer trouble-shooting service. Another entrepreneur explained to me his rule of thumb on customer service by saying, "Do whatever is possible for the customer so long as you know that they are not abusing or taking advantage of the policy." The focus on customer satisfaction also applied to the activities of the banker as well. He made clear that one of his responsibilities was to cultivate a relationship with his clients. This focus on developing a customer relationship seems to reflect a trend that is developing in Canadian business; that is, the trend that emphasizes customer service. Thus, the activities of these entrepreneurs focused on developing quality customer relations may help to direct this trend.

Similarly, the activities of immigrant entrepreneurs also reflect changes in industrial relations. The large corporations which have dominated the economy in recent years seem to be plagued by poor industrial relations problems such as absenteeism, low morale, and sometimes even poor production processes and frequent industrial disputes. However, more recently, there seems to be a development toward creating smaller units of operation within the larger organization by which team skills and morale can be enhanced. The increase of the s ier firm in recent years has also facilitated this return to better employee-employer relations. For instance, employees in smaller firms are often more fully incorporated into the business; and they may sacrifice high wages and

fringe benefits, but they at least gain security and loyalty from their employer. These trends are evident in many of the immigrant entrepreneur's business activities.

For example, one Edmonton entrepreneur said that human management was critical because employees are a critical resource in his business. Another noted that "Bosses and workers are both very important. They [workers] have their advantages and you must develop them. Don't criticize them." And yet another entrepreneur elaborated on this point by saying that "honesty is very important in one's relationship with customers and employees, and that one must set reasonable prices such that the salary of the workers reflects their effort. She says,

> People must share the benefits with customers and staff to get respect from them. Bosses and workers are both very important, workers especially for their labour, and so you should have respect for them. They have advantages and so you must try to help them develop them. Don't criticize. You must know them in their heart. They are creative and to do a good job they need to be happy....Don't criticize their mistakes and don't give them a penalty. They feel sad so you don't need to say anything.

She said that she knows of many new arrivals in Canada who have low-status jobs and say that their bosses drive them too hard. She argued that one can not "control" employees, and that "you must earn their heart such that they have a responsibility to you and you have responsibility to them". Therefore, all of these entrepreneur seem to be engaged in industrial and customer relation activities which reflect the changing economic trends in the business environment.

The Renewal of the Social Value of Business Activity

In addition to these trends, the activities of the interviewees also seem to have significance for the renewal of the social value of business in Canada. As previously

mentioned, Schumpeter's entrepreneurs are not motivated by hedonistic compulsions. By Schumpeter's standards his entrepreneur finds joy in creating, in getting things done, or simply in exercising his or her energy and ingenuity and not primarily profit (Schumpeter 1961[1934]: 93). These nonhedonistic motivations raise some interesting issues concerning the social value of business.

Before proceeding with an analysis of the immigrant entrepreneur's role in potentially leading the renewal of the social function of business, I will briefly discuss a recent article published by Stephen Gudeman (1992). Gudeman discusses the difference between what he calls cultural profit, and monopoly or predatory profits which can be gained through entrepreneurial behaviour. According to Gudeman, "predatory or monopoly gain refers to returns that might legitimately have gone to another agent in the processes of production and distribution. It represents the shifting of established income from one recipient to another through the exercise of power" (Gudeman 1992: 142).

In contrast to this form of profit is cultural profit, which Gudeman describes in the following way:

> Cultural profit represents a value addition to the economy. In the view of Joseph Schumpeter (1934 [1926]) which I am advancing, production is an act that makes new combinations by uniting or disconnecting things. Economic development occurs when combinations are freshly woven and existing ones are substantially altered. For example, development takes place when new products are brought to the market, new methods of production are devised, different and cheaper sources of supply are found, or new forms of business organization are brought into being. These "new combinations" add value to the economy (Gudeman 1992: 142).

Therefore cultural profit stems from the activities of entrepreneurs who are responsible for these new combinations. The entrepreneur visualizes the use of resources in new ways, and puts these ideas into new combinations into practice. Additionally Gudeman writes,

> She [the entrepreneur] does not necessarily invent the new processes that is used, supply the capital funds that are needed, or work at the new tasks that are required; these are the functions of capital and labour, and the entrepreneurial role—which revolves about innovation, or putting inventions into practice—is distinct. The entrepreneur, unlike the capitalist or the laborer, is a heroic figure who breaks with tradition and withstands social doubts and disappropriation. Personal satisfaction comes from accomplishment, the utilization of one's abilities, and the monetary reward (Gudeman 1992: 143).

Entrepreneurial profit is unlike any other type of profit. Gudeman writes that "Entrepreneurial profit is the leftover garnered for the value of the new combination brought to the economy....this new combination is a value creation in a cultural sense" (Gudeman 1991: 142).

With this conceptualization, Gudeman asks whether the distinction between predatory and cultural profit can be valuable to understanding the entrepreneur's role in adding value to the economy. He quotes Schumpeter to arrive at an affirmative answer,

> The successful carrying out of new combinations also results in a value surplus in the non–exchange economy, not only in the capitalistic; and in fact a value surplus in the sense of a quantity of value to which there is no corresponding claim of imputation by means of production, not merely a surplus of satisfaction as against the earlier position (Schumpeter, in Gudeman 1992: 146).

It is in this light that I wish to demonstrate the value of Schumpeter's model in determining the creation of cultural profit and the social value of the activities carried out by immigrant entrepreneur. The creation of cultural profit will be critical in years to come because, as Ragab argues, government will no longer be able to fulfil this function:

> Business and government used to be (and still are in some respects) at cross purposes. While business was viewed as driven solely by selfish greed (the profit motive), government was supposedly aiming at the social good which was perceived to be threatened by business motives. The 1990s will see considerable change in this polarization. Rather,, business will be viewed as a positive force, a constructive instrument for achieving the social good. (Ragab 1992: 76).

However immigrant entrepreneurs are often not perceived as being involved in the creation of cultural capital or profit because of the assumption that their businesses are merely imitations of other retail endeavours. Because they operate smaller scale operations, their practices are assumed to be innocuous by the theoretician and general observer. There are, however, numerous illustrations of innovative behaviours in production and distribution processes among these entrepreneurs which add cultural profit to Canada.

One example, for instance, is the computer entrepreneur. He provides a large educational institution with a valuable social service in the form of an extended warranty, with the special feature of in–house service and repair. This service not only represents a novel way of providing a warranty, but it also has social value to the buyer. In this way the entrepreneur has created cultural profit. As well, he purchases parts and assembles the computer in various areas in the Pacific Rim. Thus he has made international connections which may very well have social value in terms of providing Canadian businesses, which deal with him, with the least expensive product, yet most efficiently made product. Similarly, the consulting entrepreneur is also providing Canadians with the information regarding possible market opportunities. Her niche is in providing Canadians with information regarding all aspects of life in Asia, such that with this information other businesses may find their business opportunities. She also creates social value by disseminating information regarding the international market place. Her recently published newsletter is a prime example of this type of cultural profit.

Another example of the creation of cultural profit can be found in the entrepreneur who set up her business in a historic building in downtown Edmonton. Because the building had a historic designation it could not be torn down to make way for a new

building. It was for this reason, that she was responsible for rebuilding the outside facade before moving in. Although the entrepreneur expressed concerns over the economic viability of this project, her effort to restore the building not only created goodwill in the community, but in many ways has provided for the revitalization of the downtown area.

Additionally, the retailer who provides ethnic goods to non–ethnics has also indicated to me that his goal is to position his store so that he can attract those interested in healthy produce. He stated,

> The Southside[6] has the potential. We serve the Oriental and Caucasian community. It has a bigger potential. Look at the area between *x* street and *y* street[7] it has lots of potential.

He then went on to say that he recognized that consumers who shop in this area are particularly looking for specialty items, but they also want to know what they are buying. He has trained and educated his staff about the products they carry because one of the primary complaints that he has received in previous years is the frustrating lack of communication in many ethnic shops . Additionally, he has found that a clean and tidy store is a highly desirable quality for his customers (any one who has shopped in an ethnic food store can understand this concern). Thus he states that the healthy and nonfat dishes that can be prepared with Chinese items and cooking methods has great potential in North America. He says that "gradually they [North Americans] will accept this and there will be a market for it. I have a Canadian business grocery background and can establish this market." This entrepreneur has not only recognized a larger trend in consumer behaviour and how his experience can be useful in tapping into this market; but in essence, he is also involved in changing the cosmopolitan nature of Edmonton by

[6]His store is located on the Southside of Edmonton.
[7]The street numbers have been left out in order to protect this person's anonymity.

introducing and informing the Edmonton consumer of ethnic foods. This same effort to make Edmonton more cosmopolitan can be applied to the entrepreneur who has set up the bakery/cafe. At a cultural level these entrepreneurs are offering Edmontonians entry into another culture through food and reflect a changing trend in consumer tastes. Ragab writes,

> Another significant social change in the shift away from materialism (the American dream) towards valuing the quality of life and leading a full life in the 1990s....This shift toward quality of life will thus create ample opportunities foe new entrepreneurs to introduce new–product concepts that reflect the new social values. Existing entrepreneurs will have to operate their enterprises differently (e.g. different product and pricing policies and emphasis on customer satisfaction) (19912: 76).

Therefore, social utility and social demand can directly be satisfied through an entrepreneur's activities. If we closely examine the activities of immigrant entrepreneurs, we see that their activities can in some ways also provide social value. In addition to the fact that many of these people specifically contribute to charitable organizations, such as the United Way or to the Chinese Elders Mansion,[8] the social value of their activities can also stem from their creation of cultural profit through their business activities.

For example, the activities of immigrant entrepreneurs can provide a social usefulness in terms of connecting Canadians with the global market. Their presence in Canada can provide Canadians with the chance to learn cross–cultural communication skills in terms of daily interactions with these people, which may present itself as an advantage in international spheres of economic activity. Additionally, these entrepreneurs have international connections which can be of particular use in helping

[8]One interviewee informed that he has indicated in his will that money be left to a large Canadian charitable society, and not just to a Chinese organization because he feels that, as a Canadian citizen, he cannot exclusively choose to leave money only to a Chinese organization. He feels that Canada has helped him to be where he is today and, as such, his obligation is to return that assistance to other Canadians.

Canadians find much needed markets, in light of the fact that the traditionally strong manufacturing and large corporate entities are waning in their power. In this way, these entrepreneurs have the potential to renew a balance between the social value and profit motivation of business activities.

THE POTENTIAL LEADERSHIP ROLE OF IMMIGRANT ENTREPRENEURS

In essence Schumpeter's entrepreneurs possess the vision and energy to translate their dream into reality; and by doing so their activities have the potential for changing institutional patterns of behaviour.[9] Leadership can be considered to be a special kind of function in Schumpeter's theorizations. This function contrasts with mere differences in rank that may exist in various social groups because entrepreneurs are different from those people who carry out routine activities (Schumpeter 1961[1934]: 61). Economic leadership does not necessarily involve a particular scientific or technological invention, although entrepreneurs may be inventors just as they may be capitalists. Leadership stems from the ability to carry out new combinations, not necessarily the ability to create it. However, the entrepreneur introduces this new combination not by convincing people of the desirability of carrying out his plan or by creating confidence in his leadership skills, like a politician; instead, the entrepreneur leads by drawing other producers into his area of activities (Schumpeter 1961[1934]).

Thus, Schumpeter's conceptualization of the leadership role of entrepreneurs can provide a useful tool for understanding the potential leadership role that immigrant

[9]Although this approach can allow us to only identify the entrepreneur after he or she has performed these innovative activities, it is nevertheless is useful in identifying the potential that immigrant entrepreneurs have in altering structural patterns in their host society.

entrepreneurs can play within the Canadian context. By engaging in innovative behaviours and recombining resources, immigrant entrepreneurs can fulfil a leadership role by taking economic activity in new directions and by having them subsequently repeated by other producers. These economic changes then can ultimately have some impact on other spheres of social life because, if we recall, Schumpeter argued that economic activity is only one part of larger social processes.

By understanding change in this manner, perhaps some of the social tensions surrounding business immigration can be alleviated. In this way, we can perhaps understand that these business immigrants are not haphazardly changing the Canadian landscape. For instance, there has been a great deal of social tension among Vancouverites over the housing development in the suburbs by wealthy Asian immigrants. The often–heard comment is that they are "taking over" Canada; however, although they may appear to be changing the landscape in this way, they are also participating fully in the Canadian lifestyle. For instance, one entrepreneur I spoke to was troubled by the fact that many of her non–Chinese Canadian friends and associates thought she was extremely wealthy and were fascinated by the facts that she always wore designer clothing, and owned a "fancy" car and a relatively large house in the suburbs of Edmonton, after having been in Canada for a short period of time. She said they continually asked her why she would bother to work and go through the troubles of operating her business, and would comment frequently that she really did not have to work. She was troubled by these comments because she felt a great deal of envy from them, but could not understand this because she felt that Canadians also had these economic aspirations. She felt that she was fitting in because she too aspired to having these "nice things" as she says; but in actuality she found that when she had them, a great

deal of resentment arose. Therefore, although the Canadian sentiment may seem to be that these people are "taking over," upon closer study, they are merely aspiring to the same Canadian dreams of economic well–being.

THE SOCIAL AND ECONOMIC SIGNIFICANCE OF BUSINESS IMMIGRATION IN CANADA

Although business immigrant activities may face social resistance, it must be remembered that business immigrants are in fact rooted in the Canadian sociocultural and economic environment upon which they have founded their business opportunities. They are Canadian citizens who have the opportunity to understand and perhaps, detect opportunities in two cultural environments. The activities of business immigrants raise a recognition of the diverse interests within Canada; they also raise an awareness of the diversity of the human condition beyond Canadian borders as international business activities become the norm. Managing inter-cultural skills within this context will be critical in the years to come as the global market continues to bring people of various cultures into closer contact. In order to manage these issues, we can follow Schumpeter's argument about the motion of capitalism and the process of creative destruction in order to determine how this process will unfold and to better understand some of the prospective economic and social changes potentially facing business immigrants and Canadians, with the goal of understanding the cultural meaning of the changes taking place.

As such, if Canadians want to reap the benefits of such activities, then it will be critical for Canadians to take an active role in the direction of these changes. Canadians

will need to be willing to adapt to changing economic conditions, be open to alternate investment patterns, and come to the realization that the future brings with it endless combinations of economic and social activity. Consequently, the concept of nation-building and nation-state, based on assumptions of cultural homogeneity, will no longer be a viable democratic symbol for nations given that such assumptions tend to ignore the fundamental condition of diversity. Canadians will need to acknowledge, accept, and engage in a dialogue with people who hold diverse economic and sociocultural interests. Specifically, the responsibility of the Canadian government will be to not only attract business immigrants, but it will also be to coordinate economic and social interests through political discourse, not through the promulgation of dominant national interest, in order to create an environment conducive to such interests. In fact a necessary goal for Canadians will be to develop supranational symbols with common beliefs about social, educational, and political institutions which embrace broader values to unite all of its citizens (Miles 1992).

Therefore, by recognizing the potential leadership role of business immigrants in this process, Canadians will be better equipped to respond to changing social and economic conditions. It will become necessary to recognize the potential social and economic significance of business immigration in Canada if long-term economic and cultural success is to be achieved. Canadians should not expect these entrepreneurs to contribute to Canadian economic well–being merely through their economic activities. Entrepreneurs can provide less tangible contributions, such as the establishment of relationships which can ultimately lead to changes in the way that Canadians perceive and engage in relationships in the global market. Therefore, the economic success of the presence of immigrant entrepreneurs lies in the larger framework of cultural issues. Their

presence raises interesting social issues concerning ethnic and cultural diversity not just in Canada, but in all industrialized economies.

SIX

Conclusion

SOCIO–ECONOMIC DEVELOPMENTS IN CANADA

Business immigration in the 1990s in Canada is not merely an issue of economics. Numerous magazine and newspaper articles have espoused the benefits of business immigrants in Canada, arguing that their entrepreneurial energy and venture capital will benefit all Canadians; but, as mentioned, they are engaged in value–added activities that extend beyond economics. By using anthropological methodology and Schumpeter's conceptualization, we find that business immigrants can contribute to maintaining the social pattern as they culturally adapt to Canadian life, as well as initiate a rejuvenation of economic activities through their business pursuits. In this way, business immigrants have the potential to add yet another dimension to what it means to be Canadian, but Canadians must also recognize that they will need to adapt culturally to these activities in hopes of building a strong nation together.

In the last several years, we have seen increased levels of production efficiency gained by large bureaucratic structures which have employed the use of automation and computerization to facilitate the lowering of labour costs; but the new opportunities

which were said to have accrued from the freeing up of labour have not appeared. Thus we still see relatively high levels of unemployment, an unproductive use of the labour supply. We seem to be in a transitional phase of development in which previous, less efficient production methods have been destroyed, but new ways of facilitating labour productivity have not surfaced. Using Schumpeter's framework of creative destruction, it seems that capitalist economies have attempted to destroy old, less efficient, production processes; but have not developed new productive alternatives for employment or the creative use of human resources.

The resurgence of entrepreneurial behaviour, particularly by immigrant entrepreneurs in Canada, provides the hope for the creation of a new phase of equilibrium, which has been identified by several researchers as the phase of post–industrial capitalism (Heilbroner 1992; Drucker 1993). Although studies have identified this phase, little is known about how this phase will develop. For this reason, I have employed Schumpeter's (1961[1934]) framework for understanding the role of the entrepreneur, particularly the immigrant entrepreneur, in economic development. In this conceptualization, business immigrants can play a significant role in economic development. However, in understanding the implications of business immigration in Canada, we must also understand the social context in which they operate because unlike other entrepreneurs, they share a unique immigration experience. Their success in Canada will require an understanding of not only international economics, but also social issues including cultural diversity. Much of today's literature is focused on attracting immigrant entrepreneurs; but if society's structure and institutions do not provide a conducive setting for their activities, then there is little hope for reaping the benefits of their entrepreneurial energy. Thus, a consideration of how our political ideologies, our

current conceptions of the role of immigration in the process of nation–building, must also be considered in a study of business immigration.

THESIS SUMMARY

In this thesis I have attempted to identify the significance of business immigration in capitalist economies. Chapter one introduced the theoretical context of immigrant entrepreneurship in the 1990s. Chapter two described some of the current economic problems in industrialized economies which have resulted in a growing awareness of the economic potential of entrepreneurship, specifically immigrant entrepreneurship, in industrial nations. Chapter three reviewed existing research on entrepreneurship and ethnic entrepreneurship. However, the question of how business immigrants can contribute to the economic and social well-being of a country has yet to be adequately addressed. For this reason, chapter four developed an alternative framework for understanding the entrepreneurial activities of business immigrants, focusing on Schumpeter's model and anthropological themes to identify the role of the entrepreneur in economic development. Finally, chapter five was intended to reveal the findings of my interviews, framed within anthropological and Schumpeterian concepts, in order to determine the extent of the economic and social significance of business immigration. My findings seem to indicate that these entrepreneurs may have significance for issues of cultural renewal and culture change, but future research in this area will be necessary.

By using Schumpeter's model, I have attempted to identify (1) who these people are and what types of activity they are involved; and (2) the possible social and economic significance of these activities (i.e., how do they affect the process of economic

development). In this way I have attempted to identify some possible areas of culture change that may result from their activities. Evidence reveals that initial signs exist, but further research is required. Therefore, one possible area of research should question how and if their activities have a lasting impact on culture change in Canada. I would argue that based on previous immigration research, it appears that cultural integration and adaptation will arise where a synthesis of ideas, values, and behaviours occurs. However, additional research in terms of a long–term analysis will be necessary to observe the processual nature of such a development where business is involved. As well, research will need to determine how Canadians will accept such changes; what will be the Canadian response? Questions pertaining to the business immigrant's relations to the Canadian business environment, such as their relationship with suppliers, will also need closer examination. Research will need to continue in examining the cross-cultural relationships between Canadians and business immigrants, and their economic and social activities in order to identify inter-cultural trends. In this way, this thesis has been a preliminary attempt to identify the possible value-added significance of business immigrants, and an attempt to generate research questions for future studies of business immigration in industrialized economies.

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